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AIRLINES

Transatlantic fare war breaks out

Page 10

India raises equity limit for foreigners to 51%

By K.K. Sharma in New Delhi

INDIA yesterday virtually swept aside the cobweb of complex regulations on industrialisation built up over the last 40 years, and raised the equity limit for foreigners in "high priority" joint ventures to 51 per cent from 40 per cent.

The new Congress government, in a statement to parliament, also made it considerably easier for Indian and foreign companies to make investments without government approval.

Although a short list of areas was retained where licensing will still be necessary, the changes go far beyond any liberalisation attempted so far and will help the government considerably in discussions with the International Monetary Fund to obtain a long-term $5bn-7bn loan.

In the past, India has held up foreign investment applications for years in a tortuous approval process. Last year, the country attracted a paltry $75m.

The policy greatly diminishes the areas in which the public sector will operate while paving the way for privatisation of some government-owned units.

Of equal importance is the decision to remove the limits on assets of industrial houses covered by the Monopolies and Restrictive Trade Practices Act, thereby eliminating the need for so called "large monopoly houses" to get government permission for making investments, expansions and mergers or takeovers.

The large number of incentives to attract foreign investment include the abolition of controls for joint venture partners willing to invest up to 51 per cent of the equity in "high priority industries".

Consequential changes are to be made in the highly restrictive Foreign Exchange Regulation Act that governs foreign investment.

The list of industries in which automatic approval for 51 per cent foreign equity and foreign technology agreements will be given is much wider than expected.

The 32 industries in the list include metallurgical industries, boilers and steam generating plants, electrical equipment, various categories of transport, industrial machinery, agricultural machinery and many others.

However, payment of dividends will be monitored by the Reserve Bank, the central bank, to ensure that outflows on account of dividend payments are balanced by export earnings over a period.

Automatic permission will be given for foreign technology agreements in "high-priority areas" requiring a lump sum payment of up to Rs10m ($392,000) and will involve payment of 5 per cent royalties for domestic sales and 8 per cent for exports, subject to total payments of 8 per cent of sales over a 10-year period.

Other foreign equity proposals will continue to need prior government approval but they need not necessarily be accompanied by foreign technology agreements. A special board is to be created to negotiate with large foreign companies and approve direct foreign investment in selected areas.

World News

Senate vote set to shift US-Chinese relations

US-China trade is set for change after a Senate majority voted to tie human rights conditions to legislation extending China's Most Favoured Nation status.

The legislation is unlikely to go through, but trade relations between the countries will be badly strained unless President George Bush now takes a tougher line with China, or Beijing shows flexibility. Page 14

Iraq embargo move
The UN Sanctions Committee recommended temporary suspension of the Iraqi oil embargo so Baghdad can buy food and medicines. How much money Iraq should raise was not agreed. Earlier story, Page 3

Progress for Gorbachev
President Mikhail Gorbachev reached final agreement with nine of the 15 Soviet republics on a new union treaty which will devolve many functions to the republics and trim the powers of central government. The key issue of a federal tax remains unresolved. Page 14

Kuwait exports resume
Kuwait is thought ready to start exporting crude oil for the first time since Iraq's invasion almost a year ago.

Madagascar unrest
Anti-government protesters in Madagascar occupied government offices in a show of strength. They met no resistance from troops despite the state of emergency proclaimed by President Didier Ratsiraka.

Jerusalem Palestinians
PLO head Yassir Arafat said US secretary of state James Baker told Palestinian leaders there would be no place at Mideast peace talks for representatives from Arab East Jerusalem. Thorny issue, Page 3

Philippines rebel held
A rebel Philippines officer linked to bombings in Manila was captured after a shoot-out. Ariel Querubin was the second renegade officer arrested recently.

Pretoria bugging claim
A leading anti-apartheid body, the Institute for a Democratic Alternative in South Africa, accused the De Klerk government of spying. Idasa said it had found two bugging devices in its Pretoria offices.

Red Cross man freed
Mozambique freed a Swiss Red Cross man they arrested thinking clothes in the charity's warehouse were uniforms destined for rebels. The clothing aid, from Germany, consisted of ex-military shirts and uniforms.

Radioactivity alert
A radioactive pollution "hot spot" has been found at Bulgaria's Koslodui nuclear power station. Last month, experts from the International Atomic Energy Agency declared the plant unsafe.

Irish gun-running trial
Irish trawler captain Adrian Hopkins admitted trying to import IRA arms into Ireland in 1987. He and four others were arrested when French customs officials found 150 tonnes of arms aboard their vessel. Hopkins will be sentenced in Dublin on Monday.

Rig disaster sequel
Victims' relatives protested on hearing there would be no criminal prosecutions over the world's worst offshore accident. The Piper Alpha oil rig explosion off the Scottish coast killed 167 people. Page 8

Search for Bering
Four Danes are heading for the Soviet Far East to search for the remains of Vitus Bering, the 18th century Dane who discovered the straits separating Siberia and Alaska.

Business Summary

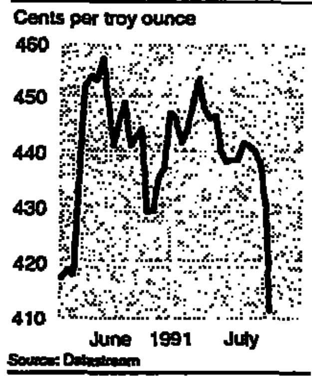
Net income at Compaq tumbles 81% to $20m

Compaq Computer, the US personal computer manufacturer which has enjoyed nine years of spectacular growth, announced an 81 per cent drop in second quarter net income to $20m, compared with $104m in the same period last year. Page 15

SILVER lost 19 cents an ounce to close at $4.115 after figures for US durable goods orders for May were revised downwards, suggesting that the US might not, after all, be recovering from recession. Silver's recent rise has been on the back of optimism about economic recovery. US durable goods, Page 4; Commodities, Page 24

Silver

Cents per troy ounce



Source: Datastream

SIEMENS, the German electrical and electronic giant, has recorded an unexpectedly high 20 per cent order increase for the first nine months of the current financial year. Net profits rose to DM1.21bn ($680m) from DM1.14bn over the same period last year. Page 15

TETRA PAK, Swiss-based liquid packaging group, has been fined a record Ecu75m ($87m) by the European Commission after a lengthy investigation uncovered widespread abuse of its dominant position in the EC market. Page 14

EAST German unemployment will jump from last month's 843,000, or 9.5 per cent, to 1.2m, or 14 per cent, by the end of this year, the German Institute of Economic Research forecasts. Page 2

RJR NABISCO, tobacco and food group which was subject to the biggest leveraged buyout in the US two years ago, reported an after-tax profit of $79m in the second quarter of 1991, compared with a $108m loss a year earlier. Page 16

HUNGARY won praise for substantial progress in moving towards a market economy in the Paris-based OECD's first survey of a post-communist European economy. Page 2

AUSTRALIAN Consolidated Minerals rejected a A$210m ($162.7m) cash offer from Western Mining Corporation and the Normandy Poseidon group, setting the stage for a bitter takeover battle. Page 15

LAFARGE Coppée, the world's second-largest cement producer, has won agreement to take a 40 per cent stake in state-controlled Cizkovice, one of Czechoslovakia's largest cement producers. Page 17

TELECOMS: The UK government is moving ahead with its planned privatisation of a second tranche of BT shares scheduled for November. This follows a deal between the company, formerly British Telecom, and Oftel, its regulator, on opening up the telecommunications market to competition. Page 15

GULF International Bank, Bahrain-based offshore bank, has announced a fall in first half profits this year to $20.2m compared with $32.5m last year. Page 16

FIRST Chicago bank is to cut its workforce by 1,000 as part of a $100m cost reduction programme. Page 20

Brussels tightens control of state aid for industry

By Andrew Hill in Brussels

THE European Commission is to tighten its control of state aid for the public sector across the Community by forcing governments to provide detailed information on the financing of state-owned manufacturing companies.

The regime starts at once: governments have to send copies of the relevant companies' balance sheets and profit and loss accounts for 1989 and 1990 to Brussels within two months.

Sir Leon Brittan, the competition commissioner, has pushed through the controversial measure in the face of initial opposition from some member states, especially Italy and France, which have large public-sector manufacturing interests. They complained that the companies would be required to provide more information about the source of their finances than private companies.

Although the decision does not require their formal approval, Sir Leon wanted to be sure that member states would co-operate. Yesterday he praised the more resistant governments for their constructive attitude in bilateral and multilateral discussions on the measure.

"We have been able to show them that it was administratively possible and we were able to make a political case that it was actually to their advantage," he said.

He estimated that about Ecu15bn ($17bn) of EC state aid had been paid out to public companies in the past five years without the Commission being notified – nearly 10 times the figure for non-notified state aid to the private sector.

Only Ecu5bn of the aid to public companies was later uncovered by Brussels, he said, and some groups were forced to repay subsidies long after they had been received.

Sir Leon Brittan: Measure "should enable the Treuhand to continue privatisation"

The Treuhand, which is responsible for privatisation of the public sector in east Germany, will be exempt from the reporting requirements for 1991 and 1992.

A specific procedure for examining Treuhand aid is being worked out and Sir Leon said: "It should enable the Treuhand to continue privatisation effectively, but at the same time provide member states with the reassurance that the Commission is involved and is in a position to intervene if the state aid involved is excessive."

The Treuhand is expected to provide some DM37bn ($21bn) of aid to prop up east German companies this year, offset by about DM14bn of privatisation proceeds.

Yesterday's decision will apply to profitable and loss-making state-owned manufacturers with annual turnover of more than Ecu250m. It may be extended later to public companies outside the manufacturing sector. About 100-150 annual reports are expected, with some governments allowed to consolidate information from different companies.

Member states will have to supply details of a range of financing options, including direct capital injections, non-refundable grants, loans, guarantees, dividends, retained profits and waiving of debt repayment. Sir Leon stressed that EC rules on the legality of state aid had not changed.

Pakistan admits CIA used local BCCI branches

By Christina Lamb in London

PAKISTAN'S finance minister last night admitted that local branches of the Bank of Credit and Commerce International may have been used for laundering money from part of the country's heroin trade.

Mr Sartaj Asis also conceded that BCCI's branches in Pakistan may have been used to channel covert CIA assistance to the Afghan resistance as well as managing a multi-million dollar "slush fund" used to reward Afghan rebel leaders and Pakistani military officers co-ordinating the Afghan guerilla movement.

The CIA was heavily dependent on co-operation from the Pakistani military to supply vital arms to the Afghan mujaheddin after the Soviet invasion of Afghanistan and Pakistani senior officers are thought to have been rewarded generously through this fund.

But Mr Asis denied allegations that a "black network" functioning as a global intelligence network had operated out of the branch in Karachi, home city of Mr Akbar Hassan Abedi, BCCI's founder.

"I'm not aware of any such activities ", he said in a telephone interview with the Financial Times, adding "if this kind of thing was happening I would know. I have not had a single report about such wrongdoing". He insisted that there is no Pakistani government connection with BCCI and "any such reports are total fabrications."

BCCI continues to operate in Pakistan with a cap on withdrawals to prevent a run on the bank's deposits. But Mr Asis said that Pakistan's State Bank is investigating its activities, adding he had yet to see their report. He denied any domestic pressures preventing the bank's closure but said "if we'd frozen the bank's activities we would have a serious crisis on our hands."

The Bank of England is acting to head off a potential liquidity crisis in the wake of the BCCI closure by quietly encouraging Britain's biggest banks to pass on surplus cash to smaller institutions which may be facing heavy deposit withdrawals. Page 14; BCCI shutdown, page 6

Asked about the bank's role in laundering drug money in Pakistan, which is a major world producer of heroin, Mr Asis said "there is drug money handled by various banks. BCCI is not the only one – it was not even handling one per cent of total drug money."

He appeared to accept too that BCCI in Pakistan had been used by the CIA to transfer money to Afghan resistance leaders and their backers in the Pakistani military. "Was that good or bad?" he asked, adding "banks are there to transfer money and there were not many international banks they [the CIA] could have used."

Mr Asis said the Pakistan government had no objection to the bank carrying on operating its three Pakistani branches. However he said the United Arab Emirates affiliate BCC(E) was considering salvaging the Pakistan branch. "We haven't received any formal proposal but we are expecting and would take a tolerant attitude to one," he said.

Japanese may use central funds to rescue bank

By Stefan Wagstyl in Tokyo

THE JAPANESE financial authorities are planning to resort to the nation's bank deposit insurance fund for the first time to support the rescue takeover of a troubled provincial bank.

The money would help fund the acquisition of Toho Sogo Bank, a small local bank in western Japan, by Iyo Bank, a larger institution in the same district. The two banks yesterday announced plans to merge next April.

The move highlights the growing difficulties of Japan's small banks as they grapple with the combined impact of high interest rates, deregulation and turmoil in the financial and property markets.

Bankers expect more institutions to ask for financial support from central funds now that a precedent has been established. A Bank of Japan official said: "Financial institutions are facing difficult problems. Disbursements [from the deposit insurance fund] would be one solution."

The Deposit Insurance Corporation, which is controlled jointly by the Bank of Japan and the Ministry of Finance, has funds of Y600bn ($4.4bn). As well as being able to pay compensation to depositors in the event of a bank failure, the corporation is empowered to aid rescue takeovers through low-interest loans. The Bank of Japan believes there is little evidence Japan is heading for a general banking crisis in which the stability of a big bank might be questioned.

But the disclosure that the latest small bank rescue will probably for the first time involve central funds is an indication that the authorities are increasingly worried about the fate of small institutions.

Toho Sogo Bank is a local bank in Shikoku, the smallest of the four main islands, and has deposits of Y333.1bn. It is one of about 60 mutual and former mutual banks which operate in local areas and which rank below regional banks in scale and above small local banks and credit co-operatives.

Toho's problems date back to the 1970s when local shipbuilding companies got into financial difficulties, due to recession and competition from other Asian countries. It is a lender to the troubled Kurishima Dock, which has been the subject of several bank-led rescue plans. Toho's bad loans total some Y20bn.

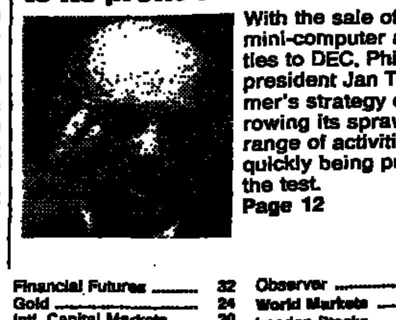
Iyo Bank is the biggest in Shikoku and the 20th largest regional bank, with deposits of Y2,855bn. Iyo said Toho's portfolio of problem loans had not worsened recently but the effort of carrying them was too much for one bank.

The Bank of Japan said Iyo's request for support was being treated "sympathetically" but no decision on disbursing funds from the deposit insurance fund had yet been made.

The Deposit Insurance Corporation's funds come from premiums paid by commercial banks and interest income on those premiums. It has never before made a disbursement.

CONTENTS

Philips shifts attention to its profit centres



With the sale of its mini-computer activities to DEC, Philips' president Jan Timmer's strategy of narrowing its sprawling range of activities is quickly being put to the test.
Page 12

MARKETS

STERLING
New York lunchtime: $1.6923
London: $1.693 (1.6845)
DM2.94 (2.9575)
FFr9.9925 (10.045)
SFr2.5575 (2.57)
Y232.5 (230.75)
£ Index 91.0 (91.1)

GOLD
New York: Comex Aug $364.7 (368.5)
London: $366.05 (367.85)

N SEA OIL (Argus)
Brent Sep $19.325 (19.575)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.738
FFr5.91
SFr1.5145
Y137.58
London:
DM1.736 (1.756)
FFr5.9025 (5.9625)
SFr1.511 (1.528)
Y137.3 (138.95)
$ Index 66.5 (66.9)
Tokyo close: Y136.87

US lunchtime rates
Fed Funds: $5\frac{5}{8}$%
3-mo Treasury Bills: 5.73%
Long Bond: $96\frac{23}{32}$
yield: 8.43%

STOCK INDICES
FT-SE 100: 2,580.5 (−7.4)
FT Ordinary: 1,999.6 (−6.5)
FT-A All-Share: 1,232.11 (−0.2%)
New York: DJ Ind. Av. 2,978.76 (−4.47)
S&P Comp 379.95 (+0.53)
Tokyo: Nikkei 23,297.47 (+538.49)

LONDON MONEY
3-month interbank: $11\frac{3}{32}$ ($11\frac{1}{32}$)
Liffe long gilt future: Sep$91\frac{5}{8}$ ($91\frac{21}{32}$)

Unemployment rate of 14% predicted for end of year

E German jobless to increase

By Leslie Colitt in Berlin

UNEMPLOYMENT in east Germany will jump from 843,000, or 9.5 per cent, last month to 1.2m, or 14 per cent, by the end of this year, the German Institute of Economic Research (DIW) forecast yesterday.

DIW said a further 1.5m east Germans would be working short-time out of a labour force of 8.5m. The bleak outlook comes despite a stabilisation in output – at a low level – and government retraining and job-creation measures.

The leading German economic institutes, including DIW, predicted last April that the number of unemployed in the east would reach 1.7m by the end of this year, with 2m people working short-time. This was before the extension of new job programmes to the end of December.

DIW said its latest jobless forecast assumed a further expansion of job-creation programmes. It also assumed that the number of east Germans working in west Germany would continue to increase.

The Federal Labour Office estimates that more than 350,000 east Germans have found employment in the west. Nearly 80,000 easterners are said to be working in west Berlin alone, with industrial output expanding there by 13.5 per cent in the first four months of the year compared with 6 per cent in west Germany.

The west Berlin-based DIW predicted, however, that the influx of easterners to the west could no longer be absorbed without a rise in west Germany's own jobless rate.

It also warned that a permanent loss of labour to the west could be a serious barrier to an economic upswing in east Germany. The absence of skilled workers could slow down the very investments needed for a recovery.

Meanwhile, a survey by the east German Institute for Applied Economic Research (IAW) indicated that economic recovery, despite rising unemployment, would begin next spring.

After polling 285 industrial companies in the east, it said it expected a reversal of the downward trend this year.

IAW said that production in nearly half of the east German companies queried would "bottom-out" in the second half of this year. The remaining companies said conditions would remain bad. But two-thirds of those polled expected "good" or "fairly good" sales by the end of next June, the institute reported.

Nearly 17 per cent of the eastern companies expected to become profitable this year and two out of three companies believed they would be in the black by the end of next year.

● Nurses and other medical personnel at east Berlin's largest hospital, the Charite, halted work for three hours yesterday in protest against receiving only 60 per cent of wages in west Berlin hospitals. The medical staff also demanded that their years of service be taken into account in fixing pay.

The warning stoppage was supported by the hospital administration which said it had lost nearly a quarter of its staff to the west because of the payment gap.

● David Goodhart adds from Bonn: Prices in east Germany rose 26.5 per cent in June compared with the same month last year, the Federal Statistics Office in Wiesbaden says.

In May the increase was only 14 per cent. A sharp rise had been expected in view of the significant drop in prices in May and June 1990 and following the phasing out of several subsidies in east Germany in April and May this year.

Rome approves EniChem business plan

By Haig Simonian in Milan

THE Italian government yesterday approved the new business plan for EniChem, the loss-making state-owned chemicals group, bringing to an end weeks of uncertainty.

Under the package agreed after a four-hour meeting in Rome, EniChem has been given the green light to cut 2,800 jobs – at least 1,100 of them in the economically-depressed south – and invest more than L8,000bn ($5bn) over the next four years.

The accord ends a bitter tug-of-war between the company's senior management, which has stressed the need for heavy job cuts and plant closures to reduce costs and improve efficiency, and politicians at both national and local levels.

The fact that many of the group's smallest and least efficient plants are in the south, especially in Sardinia and Sicily, meant the issue of the new business plan was highly politicised from the outset.

Having rejected two earlier proposals from EniChem's management, the first of which envisaged cutting 4,800 jobs by 1994 and reducing the 50,000 workforce by a further 4,000 disposals, management, ministers and trade unions have finally reached agreement on the latest diluted version.

All three sides expressed satisfaction at the new deal yesterday. Representatives of Italy's three trade union confederations said the agreement in principle meant detailed talks on the employment aspects of the business plan could now begin in earnest.

According to union leaders, the agreement should allow the effect of job losses to be cushioned by special temporary lay-off schemes and early retirement.

Belgium given qualified go-ahead to help Sabena

THE European Commission yesterday cleared Sabena, the ailing Belgian airline, for take-off into a brighter financial future, probably in partnership with British Airways or Air France, writes David Buchan in Brussels.

The EC executive body gave the Belgian government conditional approval to inject up to BFr35.2bn ($972m) into the state-controlled carrier. The government can now get approval at Sabena's extraordinary general assembly next Tuesday for the conversion of BFr16.2bn of debt into equity and for a straight capital increase of BFr10bn.

The government also has the Commission's go-ahead to increase the carrier's capital by a further BFr9bn if and when Sabena completes negotiations on a partnership with BA or Air France. Mr Colin Marshall, BA's chief executive, earlier this week confirmed his interest in taking a large stake in the airline. Any such partnership would, like the state aid, be subject to Commission scrutiny. Of the two suitors for its hand, Sabena is believed to favour BA.

The main conditions attached to Brussels' approval of the Sabena aid are that the Belgian state give no further aid nor preferential treatment to the airline, and that Sabena stick to its restructuring plan. The government has recently awarded more flight slots to TEA, Sabena's only real competitor in Belgium.

Sabena's new management has promised to cut back employees by 25 per cent, and claimed earlier this month that this was already having an effect. The airline reported a modest operating profit for April, the first positive figure for 18 months. However, after payment of a guaranteed dividend to the state, losses for the first four months of this year amounted to BFr2.16bn.

Tetra Pak: Swiss precision in seeing off its competitors

Andrew Hill reports from Brussels on the packaging group's record fine

TETRA Pak, the Swiss-based liquid packaging group, "carried out a deliberate policy aiming to eliminate actual or potential competitors" in the EC, according to the European Commission, which yesterday imposed a record Ecu75m ($87m) fine on the company.

Tetra Pak's alleged abuse of its dominant position in the EC market included the use of restrictive contracts, discriminatory and predatory pricing of its cartons and liquid packaging machinery, and even an exclusive contract preventing competitors advertising in an Italian milk trade journal.

In some cases the restrictive practices dated back more than 15 years. Tetra Pak is to fight the decision in the the European Court of Justice.

According to a detailed and damning Commission statement, Tetra Pak compelled users of its packaging machines to use its cartons as well, and would not issue product guarantees until it had received such commitments.

Contracts allegedly prohibited customers from modifying or moving Tetra Pak machines, and reserved the right to maintain and supply spare parts for all equipment.

In many cases the Commission says Tetra Pak imposed a monthly maintenance charge which was reduced if the customer proved loyal, rather than on the basis of the frequency of repairs. Packaging machines had to be rented for at least three years, and in Italy for nine years. The Commission said it considered this "unacceptable, given the speed of technological change affecting such machines".

To enforce its contracts in Italy, Tetra Pak reserved the right to penalise companies up to 10 per cent of the initial rental fee or one year's rent.

The restrictive contracts meant that Tetra Pak could vary its prices widely across the Community, by up to 300 per cent for machines and as much as 50 per cent for cartons, according to the Commission.

The Commission claims that in at least two member states, Italy and the UK, Tetra Pak's aseptic products were sold at a loss in order to eliminate competition.

Elopak – the Norwegian packaging group which registered the initial complaint – was forced to close a new production plant in Italy as a result.

The Commission added that Tetra Pak sometimes bought competitors' machines to remove them from the market. In 1982, one Italian milk trade journal allegedly committed itself not to carry publicity for any of Tetra Pak's competitors for at least a year.

General Norman Schwarzkopf, commander of the US-led forces in the Gulf War, receives the medal of Grand Officer of the Legion of Honour in France yesterday from Gen Maurice Schmitt. He also received two kisses on the cheek.

Pollution found at Bulgarian N-plant

A "hot spot" of radioactive pollution has been found at Bulgaria's troubled Kozlodui nuclear power plant, the state news agency BTA reported yesterday, Reuter reports from Sofia.

It said scientists monitoring radiation levels on Monday found a one-square-metre area of excessive radiation measured at approximately 2.5 milliröntgens per hour.

"Action has been taken to localise the source of radiation and a commission has been appointed to find out the cause of the contamination, which will be made public," BTA said

The Kozlodui plant, near the Romanian border, was ruled unsafe last month by experts from the International Atomic Energy Agency (IAEA).

A fire broke out last week in one of its radioactive waste deposits. A separate BTA report earlier yesterday quoted safety officials at the plant as saying the fire did not cause contamination.

The government has agreed to follow recommendations from international experts and shut down the two oldest power units at Kozlodui by September 15.

But it is reluctant to shut down the entire plant, which provides 40 per cent of the country's electricity and is valued at $5bn.

Energy officials have appealed for foreign aid to overhaul it, an operation they say will cost around $1bn.

The European Commission last week agreed to grant Bulgaria $13m to improve safety at the plant over the next six months.

France cracks down on illegal labour

FRANCE is cracking down on illegal labour as part of efforts to reduce unemployment, a senior Labour Ministry official said yesterday, Reuter reports from Paris.

Mr Guillaume Pepy, senior adviser to labour minister Martine Aubry, said the government would bring in legislation after the summer recess to increase penalties on people who employ workers without declaring them for tax or social security purposes.

It has also ordered raids on several large workplaces, including the site of the Euro Disney leisure park under construction to the east of Paris last month, and railway construction sites.

The new legislation will make it easier to deport foreigners found guilty of using clandestine labour and will extend the authorities' power to confiscate employers' goods and profits.

One factor behind greater employment of illegal labour is a wave of tourists from the former communist states of eastern Europe. Many of these stay on after their tourist visas expire.

There is currently a heated political debate in France about how to combat illegal immigration but Mr Pepy said the fight against illegally employed workers was wider than this.

French unemployment rose 52,200 to a record high of 2,688,900 in May and figures for June, due tomorrow, are expected to show a similar big jump.

Yugoslav leaders to meet EC on crisis

By David Buchan in Brussels, Laura Silber in Belgrade, and George Graham in Paris

YUGOSLAV federal leaders will meet foreign ministers of the 12 European Community states in Brussels on Monday to discuss the country's crisis.

Mr Ante Markovic, the Yugoslav prime minister, and Mr Budimir Loncar, the foreign minister, will meet EC foreign ministers for what diplomats said was intended as an exchange of information.

Mr Roland Dumas, the French foreign minister, said yesterday that France would look favourably on the idea of sending more observers or an EC buffer force to Yugoslavia if it helped to resolve the crisis.

Mr Hans-Dietrich Genscher of Germany and Mr Gianni De Michelis of Italy proposed that leaders from Croatia and Slovenia be invited to the talks in Brussels too. However, EC diplomats said most Community states were against such an invitation because it might be taken to confer diplomatic recognition on the two secessionist republics.

Four Croat policemen were badly wounded yesterday in fresh clashes between Croats and Serbs near the region of Krajina in Croatia.

Serbs in Krajina, a self-proclaimed autonomous region, have formed their own militia in rebellion against the Croat government.

Fighting between Serbs and Croat police was reported in Slunj, a village in central Croatia. Gunfire and explosions were also reported in Slavonija, eastern Croatia.

At least 30 Croat policemen and 10 civilians have been killed since Friday in clashes in Slavonija.

Violence, which has sharply escalated since Croatia and Slovenia declared independence on June 25, threatens to spread to other ethnically mixed regions in the six Yugoslav republics.

But the country's politicians have made no progress in peace talks which collapsed earlier this week.

The 220-member federal parliament yesterday appealed for an end to the killings in an emergency session which was boycotted by delegates from Croatia and Slovenia.

Commission discusses larger EC

By David Buchan

THE vexed issue of how and when to admit more countries to the European Community was yesterday discussed in the European Commission, which is due to report next Wednesday on Austria's two-year-old candidacy for membership.

For the past two years, the Community's executive and member governments have staved off the enlargement debate by declaring that they would not considering "widening" the EC until they had first "deepened" it with a political and monetary union treaty. This ought to be negotiated and ratified by end-1992.

But would-be members have not remained passive. Turkey sought membership in 1987, Austria lodged its application two years ago, Cyprus and Malta a year ago, and Sweden on July 1. Yet the Twelve have continued to negotiate a closer union as though their number would stay constant.

One of the more reticent Commission members is Mr Jacques Delors, its president, who remains very wary about the EC taking in more neutral states. Others, particularly those from Germany, Denmark and the UK, are more enthusiastic.

Mr Frans Andriessen, the Dutchman responsible for EC external affairs, has floated the idea of "affiliate membership" in which states could be part of the single EC market, currency union and a common foreign policy, but without getting a full vote that would bog down EC decision-making.

Clearer road ahead for hauliers

The Commission is proposing to end, from January 1 1993, limits on the number of trips road hauliers can make within the EC, Reuter reports. Under the proposal, EC rules would also be tightened to ensure that hauliers met high safety, technical and financial requirements.

Putting Marx back into Marxism

Leyla Boulton on a Soviet communist reformer wedded to the party

MR NIKOLAI STOLYAROV, a former air force colonel, is something of a communist oddity. The chairman of the Russian Communist Party's obscurely-named Control Commission, he is the only liberal in the hardline party's leadership. Despite the party's loss of popularity, this ambitious 44-year-old is still tying his political future to its rebirth.

Having swapped his colonel's uniform for the hushed splendour of a senior party post last year, Mr Stolyarov believes the fate of the Communist Party of the Soviet Union could be decided at the meeting of its central committee which starts today.

"There was a tradition in the years of stagnation [under President Leonid Brezhnev] of calling this or that plenum historic... but I believe this one will go down in the history of the party as a special plenum," he said.

Mr Stolyarov, also a member of the Soviet central committee, will be backing to the hilt the controversial new "social democratic" programme to be proposed by Mr Mikhail Gorbachev in his capacity as the party's secretary-general.

On Mr Stolyarov's bookshelves, a book on modern social democracy and a tome on marketing stand alongside the collected works of Marx, Lenin, and Gorbachev. His spacious office displays the prim luxury surrounding senior party officials – including the glistening furniture, the pristine carpet, and a lengthy meeting table bristling with sharpened pencils.

Although many liberals have already left the party or are thinking of leaving it, Mr Stolyarov is staying on, hoping that the party will shed its hardliners, rather than more "democrats".

Another former air force colonel, Mr Alexander Rutskoi, now Russian President Boris Yeltsin's vice-president, is already preparing to set up an alternative to the Russian Communist Party within the parent Soviet party. Although he disagrees with these attempts, Mr Stolyarov claims that as long as he remains chairman of the Control Commission – responsible among other things for party discipline – he will resist calls to expel Mr Rutskoi.

Mr Stolyarov believes that Mr Ivan Polozkov, the head of the Russian Communist Party, often seen as a hardline standard bearer, is a "sincere man".

"Unfortunately the forces upon which Polozkov is relying want to draw us back to the past," he says. In his view, the main reason for the difficult progress of perestroika has been Mr Gorbachev's reluctance swiftly to remove the old guard from the party and government.

Despite angry outbursts by many of his party colleagues, Mr Stolyarov sees "no need to dramatise" the decree by Mr Yeltsin banning communist party cells from all factories, farms and local councils. "We will just have to get used to canvassing people at their homes," he shrugs.

If the communist party is to shed most of its ideological baggage however, what will differentiate it from any ordinary social democratic party? For Mr Stolyarov, the answer is clear. He takes out a book by Rosa Luxemburg, the early Marxist revolutionary, and points to a turn-of-the-century reference to the "stagnation of Marxism".

"My supporters and I are trying to return to Marx – but not as an absolute truth or dogma," he says, explaining that Karl Marx gave mankind a "tool for analysing social developments".

He also says the party has unique experience of managing the country and has learned the mistakes of its misrule better than others. But if it does not reform itself into a parliamentary party, it will be doomed to "barracks socialism" with no future in society. In that case, he too will have to leave.

"I won't stay in a party which has no future. I have only one life."

Albanians call for aid from west

Albanian leaders yesterday appealed for aid from the west to help prevent a repeat of last March's exodus of some 24,000 would-be refugees, Reuter reports from Rome.

President Ramiz Alia and Prime Minister Ylli Bufi made the appeal during a visit to the Albanian capital, Tirana, by an Italian minister seeking to arrange the repatriation of more than 10,000 of the refugees who fled by sea to Italy.

Immigration Minister Margerita Boniver arrived in Tirana after a deadline set by her government for the refugees to find jobs, obtain political asylum or face deportation.

"We're not the ones who sent the refugees. We must revitalise our economy to prevent any other waves of refugees," the Italian news agency ANSA quoted Mr Alia as telling visiting reporters during Ms Boniver's Tirana trip.

Commission presses for humanitarian aid body

By David Buchan in Brussels

A EUROPEAN Office for Humanitarian Aid should be created within the EC Commission to make better, and fairer, use of the Ecu800m ($928m) the Community spends each year in global disaster relief, the Commission said yesterday.

It said it would present precise proposals for aid reform by mid-October, but declared its strong preference for establishing a separate office.

This would have a specific budget that could be quickly replenished from unused EC money elsewhere and the clout to get from Community governments the military logistical help that is increasingly required in Third World troublespots.

OECD survey commends Hungary for a good start

By Anthony Robinson, East Europe Editor

HUNGARY wins praise for substantial progress in reorientating its economy towards the market in the Organisation of Economic Co-operation and Development's first survey of a post-communist European economy published yesterday.

The restructuring of state-owned enterprises, privatisation and a large inflow of foreign direct investment have helped the country redirect its exports towards western markets, offsetting the sharp decline in Comecon trade and permitting hard currency debt servicing. But the survey notes "difficulty in reaching macro-economic stability".

Gross domestic product is expected to fall by 6-8 per cent this year, after a 5 per cent drop last year, and inflation, which reached 29 per cent in 1990 rose more sharply in the first months of this year. Investment has also fallen again and foreign debt, at more than 65 per cent of GDP, remains a heavy burden.

The OECD report calls for tight monetary and fiscal policies and an autonomous central bank to keep money and credit expansion below expected increases in GDP. Tax-based incomes policy should also be strengthened, it says. But with Hungary's inflation rate expected to exceed that of its trading partners for some years, the survey suggests that "a crawling peg for the exchange rate" could be an alternative to fixing the nominal exchange rate.

Mr Janos Martonyi, secretary of state at Hungary's International Economic Relations Ministry, warned yesterday in Paris, however, that his colleagues at the national bank disagreed with this.

HUNGARIAN ECONOMIC TARGETS

	†1990	1991	*1992	*1993
	Annual % change			
Real GDP	−5.6	−3.0	1−3	3−5
Domestic demand	−6.5	−4.7	0−1	1−3
Private consumption	−5.6	−4.0	0−1	2−4
Gross fixed investment	−4.8	−4.0	1	1−2
Consumer prices (average)	30.0	37.0	21.0	13.0
Export volumes	−6.9	−6.2	5−7	6−8
Import volumes	−6.4	−6.9	1−3	3−5
Gross debt (as % of GDP)	64.3	65.7	64.0	59.0
Structural change				
Subsidies (% of GDP)	9	7	5	4
Privatisation (% of business assets)	−	8−10	20−24	35−40

† Preliminary figures calculated in late 1990. * Rounded.
Source: Hungarian Ministry of Finance

The OECD notes that Hungary had been moving away from central planning since 1964 and that the pace of reform has quickened since 1989. However, it points to the existence of large, loss-making, frequently insolvent enterprises with non-performing loans as a key problem.

Nevertheless, Hungary's demonstrated ability last year to shift trade away from Comecon and penetrate the markets of advanced industrial countries and the strong growth in private and joint venture activity suggests that the economy's low productivity growth and rigid production structure may be changing.

Employment in small private businesses rose from 7 per cent in 1989 to between 11 and 16 per cent last year, while exports to the west rose "dramatically" to compensate for last year's 18 per cent decline in exports to the Soviet Union.

The survey also notes "greater transparency" in the budget process of central government, "substantial progress" in liberating prices and trade and the building of a comprehensive legal framework for privatisation.

The report attributes Hungary's success in attracting foreign investment in part to legal changes allowing creation of limited liability companies and transformation of state-owned enterprises and co-operatives. At the end of 1990 these employed 20 per cent of all employees and accounted for 24.2 of capital stock.

Although most are small, with annual turnover below $4m, the largest joint stock and limited liability corporations own 75 per cent of corporate capital stock and have attracted more than 70 per cent of foreign direct investment.

Last year there was an 8.5 per cent drop in production by enterprises with 50 or more employees and a 10.2 per cent drop in heavy industry, although output rose 3.1 per cent in the pharmaceutical industry. Agricultural output also declined 9.3 per cent in volume.

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Tokyo increases pressure over stock losses indemnity scandal

Japan's Big Four told to reveal names

By Stefan Wagstyl in Tokyo

JAPAN'S Big Four securities companies, which are struggling to contain the impact of a wide-ranging stock market scandal, were yesterday put under intense pressure from the Ministry of Finance to disclose the names of clients to whom they had paid compensation for trading losses.

Mr Nobuhiko Matsuno, director of the ministry's securities bureau, told a liaison committee of the ministry and the ruling Liberal Democratic Party that he had asked the brokers to name names in order to regain public confidence.

Later, Mr Ryutaro Hashimoto, the finance minister, said in a speech he hoped brokers would disclose names.

The two men's comments came on the eve of a special meeting today of a parliamentary finance committee, which is due to debate the stock market scandal – including the compensation payments and evidence of links between leading brokerages and gangsters.

The affair has already forced the resignation of securities company executives, including Mr Setsuya Tabuchi, the former chairman of Nomura Securities, the largest stockbroking group, and the most powerful man in the securities industry. But some politicians and finance ministry officials acknowledge that this has not been enough to mollify public anger. By pressing for the disclosure of client names, they hope to force public apologies from those who received compensation as well as those who paid it.

The Finance Ministry has lists of at least 231 names, supplied on a confidential basis by the brokerages. But it does not want to publish the names itself, for fear of compromising its ability in future to obtain such information for regulatory purposes. The ministry also wants to distance itself from the brokers – to answer criticism that supervision has been too lax. So it is instead pressing for the brokers to make the disclosures themselves.

But Nomura Securities yesterday issued a defiant statement. It repeated a comment from Mr Hideo Sakamaki, its new president, saying that disclosing names would breach commercial ethics. Mr Sakamaki took office a month ago when the previous incumbent resigned to take responsibility for the scandal. Other securities companies also said they would not publish lists.

The ruling LDP is concerned about the political impact of the affair. Even though politicians are not directly implicated in the scandal, public support for the government has declined somewhat since the affair broke.

According to a poll published yesterday by Jiji news agency, support for the cabinet has fallen 4.5 percentage points to 42.6 per cent in the last month. The damage to Mr Hashimoto, a powerful party leader and possible future prime minister, is reckoned to be far greater.

Setsuya Tabuchi, former chairman of Nomura Securities, and finance minister Ryutaro Hashimoto

Vehicle production down 1.4% in Japan

By Steven Butler in Tokyo

JAPAN'S vehicle production declined by 1.4 per cent in the first half of the year, compared with the same period of 1990, the Japan Automobile Manufacturers' Association said yesterday.

The decline, the first in four years, came from the combined effect of weak domestic and foreign demand. Japan's car makers complain that they are for the first time facing sluggish sales in each of the three principal markets: Japan, the US and Europe.

Passenger car output was down by 2.1 per cent during the period to 4.8m units, while truck production rose by 0.4 per cent to 1.7m units.

The market's luxury end was relatively strong. Sales of cars with engine displacement over 2,000cc rose 9.6 per cent to 873,683 units. The lower end was also robust at 441,363 units, up 17.4 per cent, for cars of 660cc or less. The mainstay of the market – cars with engine displacement under 2,000cc – dropped by 6 per cent to 3.5m units.

Weak sales continued into June, which marks the fourth straight month of year-on-year decline.

US and Japan plan, Page 4

US-Nomura links reviewed

By Norma Cohen, Investments Correspondent

THE US's largest public pension fund is reviewing its contract with Nomura Securities' fund management arm following revelations of the firm's improprieties in the Japanese securities markets.

The California Public Employees Retirement System (Calpers), which has assets of $63bn, has put Nomura Capital Management on probation, said Mr DeWitt Bowman, chief investment officer.

"Its a formal notification that we are concerned about the relationship," Mr Bowman said, adding that the fund had been pleased with returns earned on its Japanese portfolio. Nomura has been asked to appear before Calpers trustees at their next board meeting in August to answer questions about the firm's activities.

In a similar move, the Illinois Municipal Retirement System, with $5bn in assets, has also asked Nomura Capital Management to explain its activities to the trustees at their next meeting in August.

Nomura has been managing a portfolio of $380m in Asian equities for Calpers, and a $131m portfolio for the Illinois Municipal Retirement System.

Mr Bowman said the resignations of Nomura's chairman and vice-chairman had not been sufficient to reassure the fund that sharp practices had ceased.

He said that beyond receiving details of Nomura's moves to halt shady practices, Calpers was concerned about the new regulatory environment the Japanese stock markets are likely to operate in.

Mr Bowman said Nomura had been asked to explain in writing the steps it has taken to ensure it has severed all links with gangsters, and is no longer enriching politicians or reimbursing favoured clients for losses.

He said Calpers would be reluctant to end its profitable relationship with Nomura, particularly since withdrawing from the market now could force the fund to realise losses on its Asian securities portfolio.

An HK worker pulls down bamboo scaffolding after the building was hit by Typhoon Brendan

Asean discussions move from trade to security

THE Association of South East Asian Nations (Asean) and its seven main trading partners yesterday ended three days of talks in Kuala Lumpur which veered, for the first time, from the usual discussions on trade to the future security of the Asia Pacific region as well, writes Lim Siong Hoon in Kuala Lumpur.

Before the sessions, Asean members – Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand – also emerged from their weekend ministerial meeting divided on how they should be organised in a post-Cold War world.

Japan stamped its mark in the post-ministerial sessions with a more assertive policy towards regional security. Mr Taro Nakayama, foreign minister, proposed turning the Asean post-ministerial sessions into "political discussions designed to improve a sense of security among us".

Japan's suggestion, backed by Australia, follows on an idea floated earlier this year by the US, which called for the creation of a "co-operative vigilance" Asia Pacific defence network centred on the US.

Asean stood divided on the Japanese suggestion. Singapore advocated it but Mr Abdullah Ahmad Badawi, the Malaysian foreign minister, argued against turning the sessions exclusively into a regional security forum.

Mr Wong Kan Seng, Singapore's foreign minister, argued for a twin-track approach in refashioning Asean's future policy towards multilateral trade and security issues.

He saw in the US-sponsored Asia Pacific Economic Co-operation (Apec) trade consultative group the structure for an "economic process" involving Asean. "Apec was an evolution of the economic track, while the post-ministerial conference could eventually focus on political and geo-strategic issues," he said.

Malaysia's attempt to involve the Soviet Union and China in the dialogue meetings this time was postponed, though the two countries sent senior officials to the meeting.

The involvement of the two countries would have implications for the creation of the proposed security forum.

One result of the Asean division is that Malaysia's proposal for the East Asian Economic Grouping, a free-trade alliance between Asean and its northern Asian neighbours, had been given a polite exit. Little attention was given it in their joint communiqué.

President of Zaire may declare state of emergency

PRESIDENT Mobutu Sese Seko of Zaire is to call an emergency session of the country's one-party parliament and appears determined to declare a state of emergency, Reuter reports from Kinshasa.

"A state of emergency will allow us to stop the acute deterioration of the economic situation and to prepare for elections," a senior aide to the president said yesterday.

The statement followed yesterday's call by Zaire's opposition leader Mr Etienne Tshisekedi wa Mulumba for Mr Mobutu to quit power.

Mr Tshisekedi formally rejected the premier's job on Tuesday after angry supporters threatened to burn down his house if he did a deal with "Satan", latest epithet for the 60-year-old president.

The developments plunged Zaire into the gravest political crisis of Mr Mobutu's 26 years in power.

The economy is in a shambles, with rocketing inflation, a currency in a state of free-fall against the dollar and regular food riots by Kinshasa's 3m population.

President Mobutu has steadily lost his iron grip on Zaire since he was forced to accept a multi-party system in April 1990. More than 100 opposition groups joined in a "sacred union" have rejected the president's limited political reforms and are demanding a pro-democracy conference with total authority.

Mr Tshisekedi, 58, is one of four co-chairmen of the powerful Union for Democracy and Social Progress and has been Mr Mobutu's toughest adversary since 1980.

The UDPS is a key component of the "sacred union" which pledged on July 18 to boycott a national conference called by the president for July 31 but without decision-making powers.

Diplomats said the US and French ambassadors in Kinshasa played central roles in persuading President Mobutu to make peace overtures to Mr Tshisekedi.

"The inflexibility of each side's position is damaging to Zaire," Mr Andre Rettore, the French ambassador said.

Indian companies bear brunt of austere budget

By K.K. Sharma in New Delhi

DR Manmohan Singh, India's minister for finance, yesterday resorted to heavy taxation – mostly on companies – and cuts in government expenditure, particularly subsidies, in an attempt to reduce the fiscal deficit.

Presenting his first annual budget to parliament, Dr Singh announced higher direct taxes and excise duties on a variety of goods which he hopes will net a hefty Rs20bn ($780m) in additional revenues this year. Taking cuts in expenditure into account and despite some relief in indirect taxes, he expects to reduce the fiscal deficit from Rs397bn to Rs377bn.

The minister has thus fallen in line with the suggestion of the International Monetary Fund, from which India is seeking a long-term loan of $5bn-$7bn to deal with its balance of payments crisis, to reduce the fiscal deficit from 8.4 per cent of the gross domestic product to 6.5 per cent.

Dr Singh's unexpectedly heavy taxation proposals have fallen mainly on companies, the tax rate of which he has raised by 5 percentage points while continuing the existing surcharge of 15 per cent.

Companies are further hit by a reduction on the general rate of depreciation for machinery and plant for tax purposes from 33.33 per cent to 25 per cent. He has also revived a tax on interest which will be levied on gross interest received by all banks and financial institutions at the rate of 3 per cent.

The heavy direct taxes on companies will yield Rs21.39bn and would have sufficed to reduce the fiscal deficit but the gains from this source have been partly reduced by substantial cuts in customs and excise duties aimed at increasing exports and promoting agro-based industries.

At the same time, Dr Singh has raised excise duties on a number of luxury goods such as cars, colour television sets, refrigerators and cigarettes. He has raised prices of petrol and petroleum products by 15 to 20 per cent.

Cuts in expenditure are also along expected lines. Subsidies on fertilisers have been slashed to raise their price by 40 per cent.

Surprisingly, however, with the sole exception of sugar, Dr Singh has not cut food subsidies. These have been raised marginally. Defence expenditure has also been raised in nominal terms to Rs163bn from Rs157bn last year but, taking the inflation rate of 12 per cent into account, this has fallen in real terms.

Dr Singh made a special reference to the need to reduce defence expenditure, also an IMF requirement. Much of his budget speech dealt with the current balance of payments crisis. He announced two schemes for attracting remittances from Indians abroad, including an amnesty for return of funds stashed away abroad and the issue of tax-exempted development bonds.

Fertiliser prices to rise 40% as subsidies are slashed

He also reduced the tax on dividend income received from offshore funds run by the Unit Trust of India and other mutual funds as well as on long-term capital gains from such units.

To deal with tax evasion, which is rampant in India, Dr Singh announced two other amnesty schemes, one of which involves making deposits with the National Housing Bank the funds for which will be used for social purposes like slum clearance.

Dr Singh prefaced his budget speech by speaking of the "deep crisis" in the economy and of the "precarious" balance-of-payments situation.

The origins of the problems he said, were directly traceable to "persistent macro-economic imbalances and low productivity of investment" as well as an unsustainable increase in government expenditure.

● Lawyers for Rajiv Gandhi's widow collected from investigators yesterday the tattered remnants of the clothes the former Indian leader was wearing when a woman suicide bomber killed him.

NEWS IN BRIEF

NZ Labour party 'kept quiet' over bank crisis

By Terry Hall in Wellington

THE former Labour government "kept quiet" before last November's elections about the financial crisis facing the Bank of New Zealand for political reasons, according to a report tabled in parliament by the chief ombudsman, Mr John Robertson.

Yesterday's report is the latest move in a long row over the way the National party government has broken promises it made before the elections.

Mr Robertson said he was left in no doubt that the former Labour leadership had not been prepared to give the then National party opposition leadership confidential briefings on the BNZ issue. Labour's failure to advise the party of the problems facing the Bank of New Zealand, and the effect that this would have on the size of the internal budget deficit, has been used by the new government to explain why it has had to impose much tougher than expected economic measures and break a long list of pre-election promises.

Labour had forecast a financial surplus of NZ$89m (US$50.40m) and National said it based its election undertakings on this. Within five days of taking office, it was forced to bail out the BNZ to a total cost of NZ$620m after statements that the bank faced NZ$1bn in bad or doubtful loans in Australia.

Botha statement on Inkatha cash

Mr Pik Botha, the South African foreign minister, is expected to address a press conference later today to defend his government's role in providing cash to the Zulu Inkatha movement, writes Patti Waldmeir in Johannesburg.

Evidence of payments to Inkatha, the main rival of the African National Congress (ANC), has provoked a government crisis in South Africa, in view of widespread allegations that government security forces have also been involved in violence between the two groups.

Mr Botha, who personally authorised some of the payments to Inkatha, has come under sharp criticism for his role in the scandal but has given no sign that he intends to resign.

HK governor in China talks

Sir David Wilson, Hong Kong governor, will today travel to Shenzhen, southern China, to meet a senior Chinese official, in the first such meeting since Britain and China reached agreement on the colony's new airport last month, writes Angus Foster in Hong Kong.

It is hoped the meeting will mark the start of a new phase of co-operation between Britain, China and Hong Kong now that the dispute over the airport appears solved. Sir David will meet with Lu Ping, director of the Hong Kong and Macao affairs office. The Memorandum of Understanding reached on the new airport called for increased contacts between China and the Hong Kong and British governments in the lead up to 1997.

Kuwait to restart oil exports

Kuwait plans to start loading its first crude for export this week almost a year to the day after Iraq's invasion wrecked its oil industry, Reuter reports from Dubai.

Shipping sources said that Kuwait chartered two tankers in London earlier this week to load oil from its Ahmadi terminal and oil industry sources said the crude was for export. More than half of 600 oil wells blown up by Iraqi troops fleeing the advancing US-led forces are still on fire. But about 15 fires a week are being put out and Kuwait is pumping 140,000 barrels a day.

Israel raises thorny issue of Palestinian representation

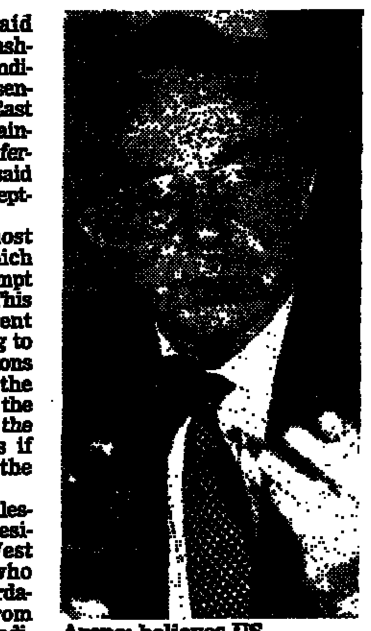
By Hugh Carnegy in Jerusalem

ISRAELI ministers said yesterday they expected Washington to accept their conditions for Palestinian representation in proposed Middle East peace talks, the chief remaining obstacle to a peace conference. Palestinian leaders said the conditions were unacceptable.

The wrangle was almost identical to a dispute which wrecked a previous US attempt to broker peace last year. This time, the Israeli government appeared to be manoeuvring to extract maximum concessions from the Palestinians as the price for its final assent to the latest initiative, or to put the blame on the Palestinians if the process collapsed at the last hurdle.

Israel wants to confine Palestinian representation to residents of the occupied West Bank and Gaza Strip who would be attached to the Jordanian delegation. Apart from excluding any direct or indirect representation of the Palestine Liberation Organisation, Israel also insists on excluding any Arab resident of Jerusalem for fear of compromising its claim to sovereignty over the whole city.

Mr Moshe Arens, the defence minister, said he had "no doubt" Washington would accept these conditions, adding that there was "no difference of opinion between the Americans and us on this matter".



Arens: believes US will agree

This also appeared to be the view of Mr Yassir Arafat, the PLO leader who said in a radio interview, the US peace plan "ignores the Palestinian people's national rights and completely leaves out the question of [Arab] east Jerusalem."

However, Palestinian leaders in the occupied territories continued to insist they would not accept the exclusion of residents of Jerusalem, which Palestinians also regard as their capital. "It's nonsense," said Mr Faisal Husseini, the senior local leader, himself a Jerusalemite.

Meanwhile, one of three extreme right-wing factions in the coalition government of Mr Yitzhak Shamir, threatened publicly to quit the government next week if Mr Shamir accepted the US proposals. Ms Geula Cohen of the Tehiya party said the process was a trap from which Israel could not escape intact.

While Mr Shamir would prefer to keep his coalition intact, defections by the extreme right would not tip him out of office because the opposition Labour party has agreed to support him if he co-operates with Washington.

● Mr David Levy, the Israeli foreign minister, said yesterday attempts to link progress in the peace process to a freeze on Jewish settlements in the occupied territories had been abandoned.

He said settlement building would continue.

Allies may ease Iraq oil sale embargo

By Michael Littlejohns, UN Correspondent, in New York

THE US and Britain, hard-liners in the effort to keep pressure on President Saddam Hussein, appeared last night to be inching towards a temporary easing of the oil embargo to allow Iraq to buy food and medicines – but only under tight UN control.

Mr Ahmed Hussein, Iraqi foreign minister, estimates his country needs to raise $3.14bn from oil sales to meet urgent immediate humanitarian needs and save the lives of tens of thousands of suffering children.

However, nothing like that amount is likely to be authorised. British diplomats would not say what sum they and the Americans were considering.

They stressed that not only would Iraq not be able to lay hands on the oil-generated cash but that the UN must control the purchase and distribution of food and medicines.

The UN sanctions committee discussed the question again yesterday but any decision will have to be taken by the full Council. No meeting has yet been called and none seemed in prospect before next week, by which time a new United Nations report on Iraq's nuclear weapons capability is expected.

As well as clearing the restricted sale of some Iraqi oil, the Council is expected to endorse the International Atomic Energy Agency's condemnation of Iraq's non-compliance with its obligations under a safeguards agreement. The Iraqis lied about their nuclear programme and it is still uncertain whether UN inspectors have gained total access to what remains of it after the allied bombing of two main installations.

A further reason for freeing some Iraqi oil is a report by Mr Javier Pérez de Cuéllar, the UN secretary general, that he needs money to pay for the inspections and destruction of Iraqi arsenals, including missiles and chemical weapons. The UN is estimated to require about $200m initially.

AMERICAN NEWS

US ECONOMY

Factory orders cast doubt on pace of recovery

By Michael Prowse in Washington

DISAPPOINTING figures for US factory orders released yesterday raised doubts about the speed of the economic recovery.

The Commerce Department said new orders for durable goods fell 1.6 per cent in June to \$116.5bn (£69.3bn), 7.7 per cent below the level of a year ago. Analysts had expected an increase of about 1 per cent. Figures for May were revised down to show an increase of 2 per cent rather than the 3.4 per cent initially reported.

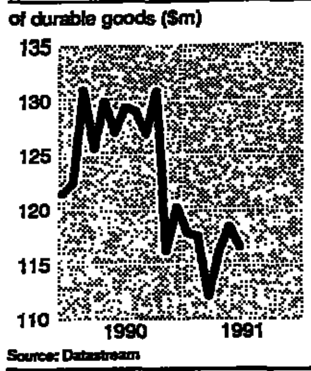
Much of last month's decline reflected sharp falls in orders for electronic and other electrical equipment, which dropped 10.1 per cent in relation to May. Orders for industrial *machinery and equipment fell* 4.7 per cent.

The transport sector, however, remained relatively buoyant. Orders rose 3.7 per cent, with a recovery in aircraft orders more than offsetting declines in shipbuilding and tanks.

Orders for non-defence capital goods – the best guide to future investment trends – rose sharply for the first time in six months. But the increase was more than accounted for by the surge in, often erratic, aircraft orders.

US new orders

of durable goods (\$m)



Source: Datastream

Orders figures are notoriously volatile on a monthly basis. Last month's decline *only partially offset the 5.6 per* jump in orders in April and May, taken together. Purchasing managers, moreover, reported a sharp increase in orders last month. Many other *statistics, such as industrial* production and inventories, point to continuing recovery.

The consensus view is thus likely to remain that a mild economic recovery is under way. But gross national product appears unlikely to grow at more than an annual rate of 3 per cent in coming quarters, about half the average for post-war recoveries.

US thrown by Soviet IMF application

Washington finds membership quest premature and unwelcome, writes Peter Riddell

THE SOVIET Union's decision to apply for full membership of the International Monetary Fund and the World Bank has surprised, puzzled and irritated many in Washington.

The response of the Bush administration was diplomati*cally phrased but clear – the* application was not welcome. The State Department said it was "premature", while the Treasury said that "full membership negotiation between the Soviet Union and the IMF/World Bank is not the most effective way for proceeding with Soviet economic reform".

US and other western officials thought an understanding had been reached on the issue a week ago when President Mikhail Gorbachev met the leaders of the Group of Seven industrial countries in London. The agreement was, according to the US Treasury, "that as a matter of urgency the Soviet Union should be granted a special association with the IMF and World Bank as opposed to commencing a lengthy negotiation for full membership".

That would have – and will still probably – involve an IMF/World Bank team going to the Soviet Union to discuss, *almost negotiate, the development* of an economic reform plan and to provide technical advice and assistance.

There are a number of political and practical problems about the application for full membership. Most of the G7 leaders felt that the Soviet Union was not ready for this stage and would have to move much further down the road to a market economy. The US, in particular, believes that reforms should occur before the Soviet Union becomes a full member and is therefore eligible to borrow from the IMF and the Bank.

The US view reflects the widespread congressional opposition to lending by these bodies which could be presented as propping up socialism or communism.

The Soviet move is particularly badly timed since the US *Treasury is already facing difficulties* securing congressional approval for the American share of the planned 50 per cent increase in IMF quotas or resources (\$12bn out of the overall \$60bn rise to \$180bn).

Any suggestion that the Soviet Union might be able to borrow in the foreseeable future will strengthen opponents of the quota increase. There are already moves to insist that Moscow should be denied full membership unless aid to Cuba is stopped, defence spending is cut and private property is allowed.

Formidable practical problems also exist. The normal membership procedures, including a visit by an inspection team, consideration by the IMF executive board and approval by member governments, have taken around five to six months for the central and eastern European countries which have recently *joined. The US has said that* full membership negotiations for the Soviet Union would take a minimum of two years.

The Soviet Union would have to meet the terms and conditions of membership. These involve allowing full disclosure of information about its economy including, what is most sensitive, the size of its gold and foreign currency reserves (not revealed since the late 1930s) as well as the precise size of the military budget. The IMF also conducts annual inspections of member economies.

Gorbachev and Bush at London summit: a delicate matter of timing

There is also the problem of the balance between the centre and the 15 republics, some of which are seeking control over monetary and economic policies. Would there be just one Soviet member?

The IMF faces the headache of assessing the size of the quota or membership subscription for the Soviet Union. This is broadly related to the size of the economy. This is in itself highly uncertain in the Soviet case, where output is contracting rapidly.

Soviet membership would also disturb the delicate bal*ance of quotas among the main* industrial countries, which were *redistributed only a year* ago after protracted haggling. This might re-open the question of which countries should have permanent seats on the policy-making executive board.

The Soviet Union would also have to pay a portion of its subscription in an internationally-traded currency.

Overall, the Soviet application raises questions which Washington wishes were not being posed just now. Any misunderstandings may be sorted out when President Bush meets President Gorbachev in Moscow *next* week.

A probable way out, opened by the ambiguity of Soviet official comments, is to press ahead with immediate technical co-operation, as offered by the IMF, and some form of special association. Decisions on full membership *might* be deferred for later consideration.

It will be a politically delicate exercise. But the US, Japan, Britain and some other industrial countries believe the Soviet Union is not yet ready to become a full member of the IMF and World Bank, and hence of the international financial community.

Soviet aide emerges as link man with west

By John Lloyd in Moscow

MR Vladimir Shcherbakov, the Soviet first deputy prime minister, is emerging as the crucial player in the talks between western governments, financial institutions and the Soviet authorities.

The 41-year-old politician, who also heads the economic *and forecasting* ministry (the former Gosplan), accompanied Mr Mikhail Gorbachev, the Soviet president, to the meeting of the Group of Seven industrialised countries in London *last* week. *On his* return he gave an interview to the government newspaper Izvestia, stressing the importance of western engagement with Soviet reform.

Mr Shcherbakov believes the next two months will be a period of intense activity as experts from the International Monetary Fund and the World Bank (due in Moscow next week) again examine the state of the Soviet economy and produce an outline programme of reform with Soviet experts.

Mr Norman Lamont, the British chancellor, acting on behalf of the Group of Seven countries, is due to have his first post-summit meeting with Mr Shcherbakov at the end of next week. Only once an *outline of reform is produced*, said Mr Shcherbakov, "will we gear the entire programme to the pattern of its accomplishment and with more specific programmes".

G7 finance ministers will visit Moscow in September to discuss support for the Soviet Union, a German finance ministry spokesman said yesterday.

New IMF negotiator for Brazil debt talks

By Victoria Griffith in São Paulo

THE International Monetary Fund has appointed a new chief debt negotiator for Brazil, bowing to government protests that his predecessor was interfering in the country's internal affairs.

The country's debt talks with the IMF will recommence today with the arrival of Mr Sterie Beza, an American economist who heads the IMF's western hemisphere department.

Mr Beza replaces Mr José Fajgembaum, an Argentine, who outraged the Brazilian government last week when he told journalists that constitutional changes would be necessary if Brazil wanted to secure the \$2bn (£1.1bn) extended funds facility it is currently seeking from the IMF.

The government suspended negotiations with Mr Fajgembaum late on Monday, after President Fernando Collor reacted angrily to Mr Fajgembaum's remarks.

Bank reform law likely to be last-minute deal

By Peter Riddell, US Editor, in Washington

THE FINAL scope of US bank reform will be determined in a last-minute rush in October because of delays by both the *House and the Senate.*

This means that the bank insurance fund, which guarantees depositors, will be close to insolvency before the Federal Deposit Insurance Corporation receives the necessary authority to borrow required short-term funds.

The House banking committee approved its version of the bill last month, but other committees, particularly energy *and commerce, also have jurisdiction.*

Mr Tom Foley, Speaker of the House of Representatives, has told the agriculture, energy and commerce, judiciary, and ways and means committees to complete work by September 27. After that there will be a House debate and a joint conference on reconciliation with the Senate version.

In the Senate, Senator Don Riegle, chairman of its banking committee, produced his plan a week ago, but no date has been fixed for drafting because of objections from Republican and some Democrat members.

These delays could mean that the legislation is stripped of some of its more controversial elements as time runs out in October before Congress goes into recess for the year.

Refinancing of the bank insurance fund and tougher regulation are certain to be included, along with a change permitting banks to open nationwide branch networks, though to a still uncertain extent.

Peru to get American aid for anti-drugs operation

PERU is to receive a \$34.9m (£20.7m) package of assistance from the US for anti-drugs *operations, to be carried out by* Peruvian police and military with American training and equipment, writes Sally Bowen from Lima.

Under four accords signed by the two governments on Tuesday evening, the US has also promised early disbursement of \$60m (£35.7m) for balance of payments support, road repair in Peru's coca-growing areas, *and employment creation programmes.*

The US is also to provide \$50m in food aid.

Mr Anthony Quainton, US ambassador to Peru, emphasised that the US had no wish to see the anti-drugs campaign in Peru militarised.

WORLD TRADE NEWS

Mexico trade deal 'threatens US jobs'

FREE trade with Mexico poses major risks of US job losses and cuts in wage levels, according to a US economic research group studying the free trade agreement now being negotiated between the United States and Mexico, Reu*ter reports from Washington.*

The author of the study for the National Planning Association, Mr Peter Morici, said that "the labour adjustment costs associated with free trade are much larger than proponents have indicated."

Not only could a free trade pact with Mexico cost jobs, it also could force other Americans to shift to lower-paid jobs, he said.

The United States and Canada opened free trade talks with Mexico last month and hope to compete an agreement next year, wrapping it into the existing US-Canada free trade pact to create a duty-free zone from the Yukon to the Yucatan.

US officials say that any US *job losses would be minimal* but would back retraining programmes to ease the impact.

Organised labour is fighting an agreement on grounds it would entice US companies to relocate south to take advantage of Mexico's low wages and lax enforcement of anti-pollution laws.

Plans agreed to seek ways of promoting sales of cars and components

Japan, US in motor trade accord

JAPANESE and US government officials have agreed to devise plans to promote trade of cars and motor components between the two nations by September, accord*ing to an official for the Japa*nese Ministry of International Trade and Industry (Miti), Reuter reports from Tokyo.

The agreement in Tokyo yesterday ended two days of talks. *The parties agreed to draw up* concrete measures to improve US manufacturers' access to the Japanese market. This will include a joint survey of the Japanese car and components market.

Officials and industry specialists will meet in September to discuss their plans, before implementing them.

The US is trying to boost sales of its vehicles and components in Japan, as well as sales of its motor parts to Japanese car makers in America. Seventy-five per cent of the US trade deficit with Japan is *related to the motor trade.*

The two sides will consider plans for joint development of components by Japanese and US makers, and for Japanese manufacturers' distribution networks in the US.

At the talks the US delegation asked Japan to ease its standards for car imports from the US to make the Japanese market more competitive.

Meanwhile, Toyota Motor plans to increase purchases of US-made car parts for use in Japan and the US to \$3.49bn in the year to March 31 1993, up from a planned \$2.83bn in *1991-92 and \$2.54bn in 1990-91.*

About 227 US suppliers have developed or are developing parts for Toyota vehicles under special programmes to encourage long-term ties.

● Mr Linn Williams, senior US trade official responsible for many market-opening talks with Japan, will resign tomorrow, Mrs Carla Hills, US Trade Representative, said, Reuter reports from Washington.

Mr Williams, a deputy trade representative, was a key figure in opening the Japanese market to wood products, *supercomputers and satellites.* He was lead negotiator in the so-called Structural Impediments Initiative to reform Japan's private and government business practices.

Singapore in line for HK airport work

SINGAPORE companies are *well placed to capture a large* share of work in the construction and operation of Hong Kong's massive new port and airport facilities, according to a private report, Reuter *reports from Singapore.*

The Hong Kong-based Political and Economic Risk Consultancy said in a report that Singapore companies' expertise and China's new role in the Port and Airport Redevelopment Scheme (PADS) strengthened the chances for obtaining contracts.

Companies likely to win *work were Keppel Corp, Sem*bawang Maritime, Singapore Airlines and Singapore Aerospace, it said.

"The republic's construction companies may not have the resources or experience to tender as main contractors, but they certainly have the potential to be very competitive as subcontractors for supplies *and services," the report said.*

"This is especially so now that China has gained such an important say in infrastructure development in the colony."

China, Hong Kong and Britain announced agreement in June on a revised multi-billion dollar plan to build a new airport and expand port *facilities in Hong Kong before* its reversion to Chinese sovereignty in July 1997.

Under the pact, China will have expanded influence over finances and projects for the port and airport redevelopment.

Poland to swap medicines for oil

POLAND and the Soviet Union have concluded the preliminary stages of a barter deal under which Poland will pay for more than a fifth of its imported Soviet crude oil this *year with medicines, officials* say, Reuter reports from Warsaw.

The deal, aimed at countering a collapse in Polish exports to the Soviet market, was *agreed during talks* on Monday between Mr Leszek Balcerowicz, Poland's finance minister, and Mr Igor Denisov, Soviet health minister.

It will enable Poland to pay for 22 per cent of its Soviet oil imports.

The Poles want to reactivate barter deals, a favourite mechanism of the former Comecon trading bloc, to overcome the Soviet shortage of hard currency.

A state oil industry official said Poland would import 7m tonnes of Soviet oil this year, but he declined to give the *value of the contract.*

Polish exports to the Soviet market have fallen steeply since the two countries switched to hard currency trade last January. Soviet companies lack dollars to pay for goods.

In pharmaceuticals, for example, Poland aimed for exports worth \$350m (£208.3m) this year but sold only \$80m in the first half. The Soviet Union has paid for barely half that.

Scores of Polish companies heavily dependent on the Soviet market are on the verge of bankruptcy. The govern*ment, along with those of* Czechoslovakia and Hungary, has asked western countries for "triangular aid" aimed at helping the Soviet Union to buy east European goods.

Taipei and Moscow in barter deal

TAIWAN'S state-owned China Steel plans to swap Taiwanese goods, including shoes and computers, for Soviet aluminium ingots in the island's first large barter trade deal with the Soviet Union, agencies report from Taipei.

Mr Wang Chung-yu, spokesman for Taiwan's Commission of National Corporations, said *negotiations were under way* with a Soviet trading company. The aluminium would be worth more than \$8m at world market prices, a China Steel official said.

Taiwan, which has expanded economic links with the former eastern bloc over recent years after decades of hostility, gave permission for its state-owned *companies to trade with the* Soviet Union earlier this year.

"The Soviet Union is short of foreign exchange and barter trade is the only way to boost our bilateral trade with that country," Mr Wang said.

Official figures show Taiwan's two-way trade with the Soviet Union more than doubled to \$106m in the first six months of 1991, from \$49m in the corresponding period in 1990.

Taiwan's trade with the Soviet Union and east Europe combined rose by more than 70 per cent in the first six months *of 1991, a trend which would* continue for the rest of the year, the Board of Foreign Trade said.

Official figures showed Taiwan's customs-cleared trade with the Soviet Union and six east European countries rose to \$329m between January and June, from \$198m in the same period last year. Poland was *the biggest buyer, followed by* Hungary, the Soviet Union and Romania.

● United Technologies of the US will invest \$18.87m to establish a manufacturing base in Taiwan, an accountant said yesterday.

*Ms Sue Lu, of Price Water*house Taipei, said the US company had been approved by the Taipei government to set up a company – United Pacific Aerospace – to produce and sell engines and aerospace components in Taiwan. Price Waterhouse Taipei is in charge of the US company's investment application.

Ms Lu declined to say when the new unit would begin operation, but added the company could enjoy a five-year tax holiday if it started business before 1993.

In the initial stage, United Pacific Aerospace will mainly produce engines, motors and electronics for aviation, and materials and components for aerospace. The products would have both military and civilian applications.

Taiwan has been aggressively promoting its aerospace industry in recent years, aiming to develop its own jet fighters.

Alcatel wins Kenya contract

THE Spanish telecommunications company Alcatel Standards Electrica said yesterday it had won a Pta500m (\$4.5m) contract to install and maintain a rural *telephone* system for Kenya's state telephone company, the Kenya Post and Telecommunication Corp (KPTC), AP-DJ reports from Madrid.

The contract came as part of a KPTC programme to upgrade Kenya's telephone system, according to Alcatel, a Spanish unit of France's Compagnie Générale d'Electricité.

The Kenyan market holds great short-term development potential for Alcatel, the Spanish company said.

Alcatel has also signed agreements to supply telephone systems to Bolivia, Colombia and Mexico.

Thomson signs Greek air traffic contract

By Kerin Hope in Athens

THE Greek civil aviation authority signed yesterday a Dr9bn (\$46.9m) contract with Thomson-CSF, the French electronics manufacturer, to modernise the air traffic control *system over mainland* Greece and the Aegean islands.

The Athens-based system, unchanged since the mid-1960s, will be expanded to provide radar coverage of the entire Athens flight information region (FIR), which includes air corridors with heavy volume traffic from western Europe to the Middle East.

At present, radar coverage extends for only 40km around the Athens airport.

The new radar system, due to be completed by mid-1993, will include five secondary radar installations around the country. "Full radar coverage of the Athens FIR will ensure better management of Greek airspace and greater flight safety," a senior civil aviation official said.

A separate short-range approach radar for Athens airport is expected to begin operating early in 1992, speeding take-offs and landings.

The new system includes a computer network for flight plan processing, and an automatic message-switching centre for exchanging data with neighbouring flight information regions.

Other bidders shortlisted for the project were Plessey, the British electronics company, Selenia of Italy, and Siemens of *Germany.*

Mitsubishi Heavy wins Saudi order

MITSUBISHI Heavy Industries has received a \$100m order from Saudi Arabia to build a water-desalination plant, AP-DJ reports from Tokyo.

The facility will have a capacity of 56,000 tonnes a day, a company spokesman said. The state-run Saline Water *Conversion Corp* will operate the plant.

Mitsubishi Heavy completed construction of a desalination plant in Jeddah, Saudi Arabia, in 1989.

The new order is considered a second phase in the project.

NEWS IN BRIEF

Maghreb states shelve common market plans

THE five north African states of the Arab Maghreb Union (AMU) have postponed plans to form a common market, Moroccan Foreign Minister Abdellatif Filali said yesterday, Reuter reports from Rabat.

In an interview with the official Moroccan news *agency MAP*, Mr Filali indicated AMU foreign ministers meeting in Rabat this week had been unable to make any progress.

Plans by Morocco, Algeria, Libya, Mauritania, and Tunisia to create a free trade zone, a single market, and several integrated economic projects have been held up by domestic problems.

Mr Filali said the ministers "decided to observe a pause and review what has been done in the two and a half years since the AMU was formed. The conclusions will perhaps enable a new working strategy to be elaborated."

Mr Filali said a committee would review the situation and present a report to an AMU summit to be held in Rabat, for which no date has been fixed.

An extraordinary AMU summit in Benghazi, Libya, last month was postponed when the Algerian government resigned. The previous summit was put off during the Gulf war.

Libya was due to hand the rotating chairmanship to Mauritania this year but, because of domestic unrest, Mauritania asked Morocco to take over.

Mr Filali described the *two days of* discussions in Rabat as "intense and frank" and said he was still optimistic.

He said one topic had been relations with the European Community, North Africa's main trading partner.

The ministers asked Morocco to *contact the Netherlands,* currently EC president, to arrange a meeting between the 12 EC states and the five AMU states to discuss co-operation.

Mr Filali said this would be in addition to so-called four-plus-five contacts with France, Italy, Portugal and Spain.

French President François Mitterrand said in Tunisia two weeks ago he hoped a *four-plus-five* foreign ministers meeting could be held soon, followed by a summit early in 1992.

Komatsu to increase imports of cast iron parts from China

Komatsu is to boost its imports of cast-iron construction-equipment parts from China, it said yesterday, AP-DJ reports from Tokyo.

The Japanese construction machinery maker said purchases *from China would gradually* double from between 200-300 tons a month to 500 tons a month.

The decision to boost imports from China reflects the growing difficulty in getting Japanese workers to put up with the extremely harsh working conditions in the foundry sector, the company said. While companies such as Komatsu will continue to produce high-value-added parts in Japan, less detailed casting work will increasingly be farmed out to the rest of Asia, he said.

Komatsu began importing cast-iron parts from China late last year for use in its hydraulic shovels. The Japanese company is providing technical assistance and management know-how to *Chinese makers.*

Foreign investment up sharply in first half, says Beijing

Foreign investment in China rose sharply in the first half of the year, according to Ministry of Foreign Economic Relations and Trade data, Reuter reports from Beijing.

China approved 5,028 new projects with direct foreign investment, 80.6 per cent more than in the first half of 1990, spokesman Mr Ye Rugen told a news conference.

The value of the projects reached \$4.55bn, a rise of 93.5 per cent. The amount of foreign capital actually invested in the half reached \$1.65bn, up 34.7 per cent.

"The domestic politics, economy and society were stable and the investment *environment* improved," Mr Ye said.

Of the new projects signed in the first half 3,224 are joint ventures with a value of \$2.5bn.

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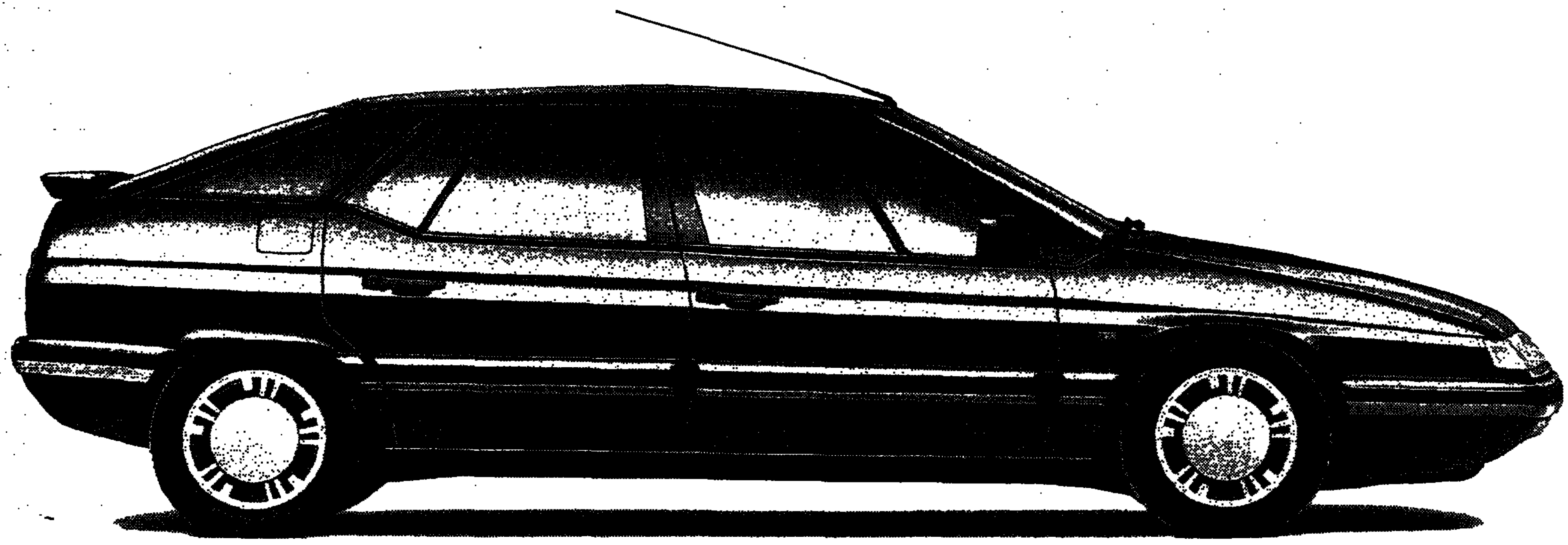

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THE BCCI SHUTDOWN

House banking committee to investigate

By **Alan Friedman** in New York

THE Banking Committee of the US House of Representatives has launched a formal investigation of the Bank of Credit and Commerce International (BCCI) affair and plans to hold its first public hearings on September 11.

A spokesman for Mr Henry Gonzalez, the Democratic chairman of the Banking Committee, said the committee will be asked next Tuesday to vote to authorise the right to issue subpoenas. The plan is to use these to elicit BCCI-related documents from the Bush administration as well as materials and information from BCCI and from First American Bancshares, the Washington bank that was shown earlier this year to be secretly controlled by BCCI.

Among the witnesses being called to testify before the committee will be Mr Clark Clifford, the former US defence secretary who is chairman of First American. Mr Robert Altman, a law partner of Mr Clifford's who serves as president of First American, will also be called to testify. The committee is also asking Mr Virgil Mattingly, general counsel of the Federal Reserve, and Mr William Taylor, the Fed's head of banking supervision, to testify about the BCCI affair.

In additon, the committee disclosed a letter written by Mr Gonzalez seeking information from officials from the Central Intelligence Agency (CIA) on the BCCI matter.

Mr Gonzalez has been active in the past in investigating international banking scandals. He has already held a series of hearings concerning the affair involving the issuing of more than \$4bn of unauthorised Iraqi loans by the Atlanta branch of Italy's Banca Nazionale del Lavoro (BNL).

Aside from the House Banking Committee's BCCI investigation Senator John Kerry, a Democratic member of the Senate Foreign Relation committee, has also been investigating the BCCI affair. He has demanded information from the CIA concerning its knowledge and alleged use of BCCI to channel payments to individuals involved in clandestine operations.

Senator Kerry is planning to hold a hearing on the use of BCCI by central banks.

SUPERVISION

Top regulators' worries discussed a decade ago

By **Alan Friedman** in New York and **Richard Waters** in London

CENTRAL bank chiefs representing the world's leading 10 industrialised nations discussed their worries about BCCI's activities more than a decade ago, say former senior regulators in the US and UK.

Concern about BCCI's lack of a primary central bank overseer were discussed "on a number of occasions" in Basle at meetings of the Bank for International Settlement's sub-committee on bank supervision, according to Mr John Heimann, former US comptroller of the currency who attended the meetings during 1981.

The sub-committee, formed in 1975, was known as the Cooke committee after Mr Peter Cooke, its chairman and a former Bank of England official. He said yesterday that BCCI had been discussed at meetings of the regulators on how best to regulate holding companies of diversified international banking groups.

The aim was to ensure that at least one regulatory agency had a complete view of international groups' operations.

In 1983 the Cooke committee agreed to tighten provisions for regulation of international banks by the central bank of the "home country" – the nation where a bank was based.

Regulators around the world did not finally deal with BCCI until four years later when a "college" of national regulators was set up to oversee it.

When asked why it had taken so long to find a solution to BCCI, Mr Cooke said: "I don't know that I can answer that. You deal with things as circumstances demand that you deal with them."

The Cooke committee's move in 1983 was thought to have been a response to the collapse in the early 1980s of Italy's Banco Ambrosiano, but according to Mr Heimann it also reflected fears about BCCI's lack of a primary regulator.

"To my knowledge there is no other international bank of any size that does not have a primary regulator," he said.

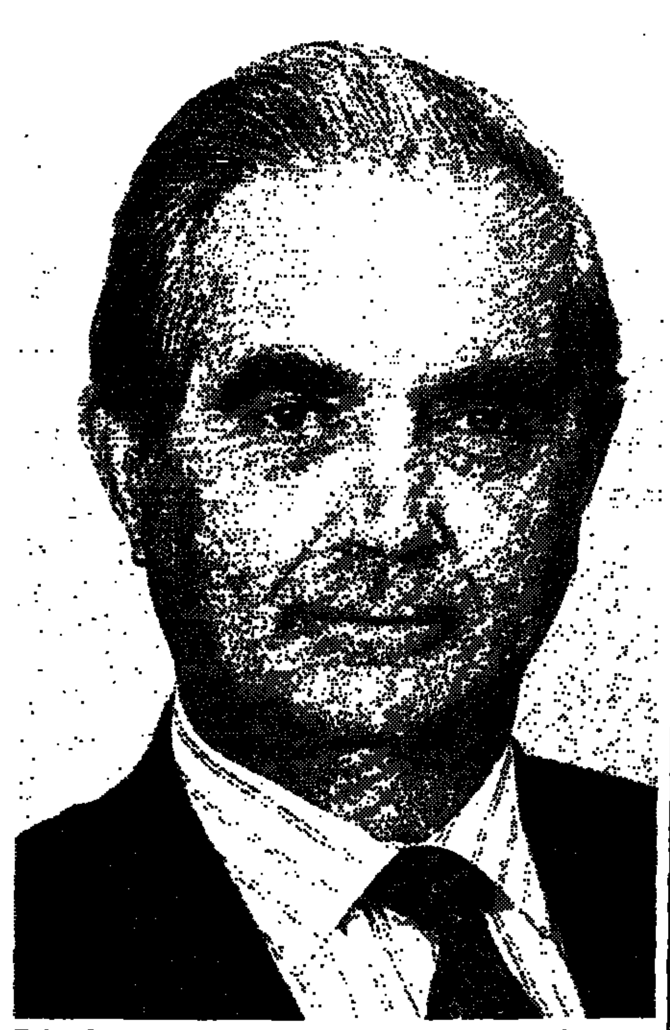
The former comptroller disclosed earlier this week that he had blocked a 1976 attempt to buy a New York bank by Mr Abbas Gokal – now a leading BCCI debtor – when he discovered that Mr Gokal was then acting as "front" for BCCI.

Yesterday Mr Heimann said that the comptroller's office wrote a letter to the Federal Reserve in March 1981 which made clear "that BCCI should not be part of the American banking scene."

The letter, signed by Mr Cantwell Muckenfuss, the deputy comptroller, was written when BCCI was trying to acquire Financial General, the Washington banking group that was later acquired by a group that US regulators have now identified as fronts for BCCI.

The bank's name was changed to First American Bancshares, the institution referred to by the Price Waterhouse report on BCCI as "WXYZ".

Mr Cooke now runs an international regulatory group at Price Waterhouse, BCCI's auditors. He said that he had had no involvement with BCCI since he had been at the firm.



Peter Cooke: sought an overall regulator for BCCI

BRUSSELS

EC plans preventive ban

By **Andrew Hill** in Brussels

THE European Commission may consider outlawing certain corporate structures in the aftermath of the BCCI affair, Sir Leon Brittan said yesterday.

Sir Leon, EC commissioner for financial services, said that far from making it easier for banks to evade supervision after January 1 1993, measures to open up a single European market in financial services would "substantially improve the situation".

He added that the Commission might need to open discussions with non-EC regulators on the desirability of bringing in EC-style financial services legislation worldwide with the aim of removing barriers to co-operation and the exchange of information.

"We will also have to consider whether certain types of corporate structure should be prohibited because they are unsafe or can be used to hide certain illegitimate transactions," said Sir Leon.

BCCI escaped direct regulation under Luxembourg law because it was not classed as a bank.

Details are being worked out for a directive which would set up an EC deposit guarantee scheme controlled by each bank's home country.

WORLD ROUND-UP

French security report on Abu Nidal links

A SECRET report alleges that the French security services established in 1987 that BCCI had links with Abu Nidal and front companies set up to finance his radical Palestinian group.

The 55-page report, to be published today by VSD, the French weekly magazine, was intended as a detailed look at Abu Nidal's organisation.

It says directors of Abu Nidal's companies were in close contact with the guerrilla group, but had no direct connections with its political or terrorist activities.

Abu Nidal's Fatah Revolutionary Council, which broke from Yasser Arafat's mainstream Palestine Liberation Organisation in 1973, has since waged a bloody guerrilla war of murders, bombings and hijacks across three continents.

Western intelligence sources in Paris say the French report would have been collated using information from European and US intelligence agencies.

Information on Abu Nidal's links with Britain would almost certainly have come from British intelligence services, the sources added. French and British intelligence services co-operate closely on international terrorism matters.

The sources say the French government appears to have acted more quickly on the secret report than Britain.

The French report also says Abu Nidal probably blackmailed Gulf states to save them from attacks by his guerrillas.

It says the Kuwaiti embassy paid \$60m (£35.6m) into Abu Nidal's BCCI account in London in 1987. "Certain countries like Kuwait, which were for a certain time targets for the Fatah Revolutionary Council, now seems to enjoy relative peace."

The report adds that Abu Nidal operations against the United Arab Emirates (UAE) appeared to be aimed at forcing them to give money to the radical group.

PAKISTAN: Eleven Pakistani overseas missions held accounts with local branches of BCCI, a foreign ministry spokesman said yesterday.

They were the High Commission in Ottawa, the consulates general in Toronto and Montreal, and the embassies in Algiers, Damascus, Baghdad, Niamey, Dakar, Belgrade, Accra and Cairo.

The spokesman could not say how much money was in the accounts. The missions used BCCI with official approval, he added.

Local newspapers have portrayed the shutdown of BCCI as a western attack on Islamic business.

SRI LANKA: The country's privately-owned Seylan Bank took over management of BCCI's four Colombo branches yesterday and said it guaranteed all local rupee deposits.

"We assure all Sri Lankan deposit holders that their deposits will be met," said Mr Lalith Kotalawela, Seylan's chairman.

Mr Kotalawela said the four branches would open on Monday for normal business.

Asked about foreign deposits, Mr Rohan Perera, Seylan's general manager, said: "A lot of foreign cash from BCCI Colombo was sent to the head office (in the Cayman Islands) and these funds have been frozen after a receiver was appointed." He said the foreign assets were not substantial, but declined to give further details.

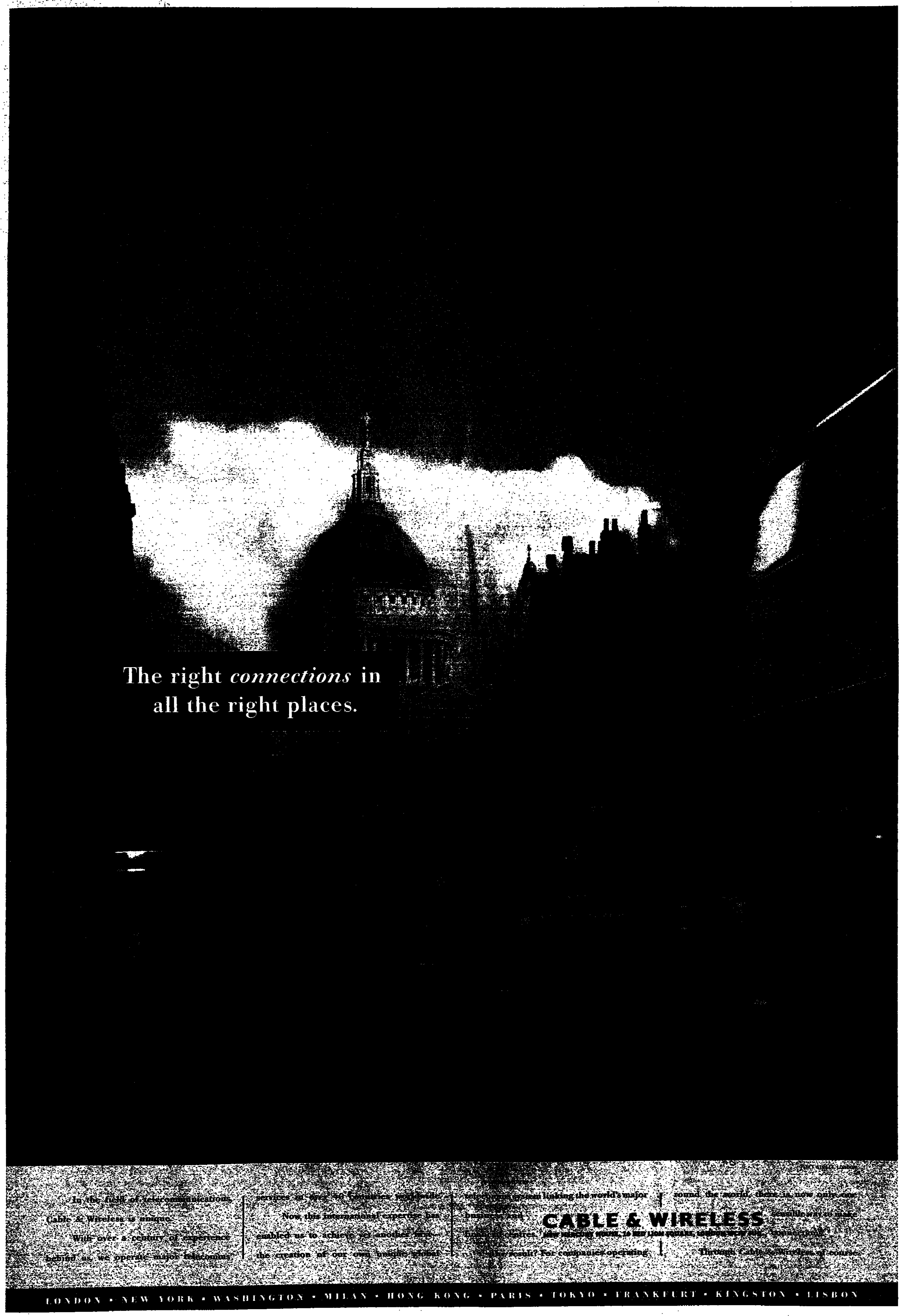
The 3½-year-old Seylan is the youngest Sri Lankan bank, and has 30 branches across the island. Mr Perera said a team of 10 senior executives from Seylan would help BCCI's Colombo staff to run the bank "in our own style."

SEYCHELLES: The Seychelles government closed the local branch of BCCI after most depositors withdrew their money.

The Seychelles central bank took possession of the BCCI branch on July 8.

It was placed in receivership on Wednesday.

The Seychelles branch had deposits of SRs122m (£14.3m) before the Bank of England moved to have it shut down on July 5.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CHAMBERS OF TRADE SURVEY

Confidence grows as economic decline slows

By Peter Norman, Economics Correspondent

BRITAIN'S economic decline is flattening out, but the UK is unlikely to see a return to full growth until the second half of next year, according to the Association of British Chambers of Commerce.

In their latest quarterly economic survey, the chambers found that forward indicators of activity improved in both the manufacturing and services sectors, while business confidence also recovered between the first and second quarters of this year. They said the rate of decline in employment and investment appeared to be slowing, although there was little prospect of employment picking up for some time.

The chambers' findings, based on a survey of 7,420 companies with 1.25m employees, prompted Mr Miles Middleton, the association's president, to call for a further early cut in bank base rates from their current 11 per cent level.

"I would think it possible to take off a ½ point now or fairly soon," he said. The rate "needs to get down to 10 per cent as soon as practicably possible. A one point cut would boost confidence," he said.

The chambers' latest survey was their fourth consecutive poll to show Britain in recession. But it also suggested that the rate of economic decline was beginning to tail off.

In the case of home orders – the survey's most important forward looking indicator – the chambers found that the percentage balance of companies reporting increased or reduced business recovered from minus 37 in the first quarter to minus 31 in the second. Among companies in the service sector, the balance improved to minus 20 per cent from minus 26.

The outlook for manufacturers' exports also improved. The balance of companies reporting a fall in export orders narrowed to minus 7 per cent in the latest quarter from minus 14 three months before.

On business confidence, a positive balance of 20 per cent of manufacturers said they expected their turnover would improve over the next 12 months against plus 13 per cent in the first quarter. Among service companies, 26 per cent on balance expected higher turnover compared with plus 19 per cent three months earlier.

Expectations of improved profits were more muted, however, indicating a squeeze on margins. Among manufacturers, a balance of plus 3 per cent said they expected profitability would improve against minus one per cent in the previous quarter. Expectations of improved profits among service companies stayed unchanged with a balance of plus 8 per cent anticipating higher profits over the next 12 months in each of the two most recent surveys.

The chambers said that if the trends of the last quarter were to be repeated, they would expect home orders in the service sector to show a positive balance in the second quarter of next year and in the third quarter of 1992 for the manufacturing sector.

Evidence insufficient for Piper Alpha case

By Deborah Hargreaves

SCOTLAND'S senior law officer yesterday said he would not conduct criminal proceedings over the Piper Alpha oil rig disaster, the world's worst offshore accident 3 years' ago in which 167 were killed.

The decision has provoked a storm of condemnation from relatives of those who died in the tragedy, MPs and union representatives.

Lord Fraser of Carmyllie, Scotland's lord advocate, revealed his decision in a letter to Mr Frank Doran, MP for Aberdeen South and an opposition Labour spokesman for offshore policy.

Lord Cullen who conducted the public inquiry into the disaster had found "significant flaws" in the way safety had been managed by Occidental Petroleum, the operator of the Piper Alpha field.

But Lord Fraser pointed out that he had found no "direct evidence as to what happened and that accordingly proof was dependent on inference from the evidence."

"As you know very little equipment or physical evidence could be recovered and a number of key personnel on duty at the time of the disaster tragically lost their lives," Lord Fraser wrote.

Mr Doran believes, however, that Lord Fraser has focused on the lack of evidence for charging the company with manslaughter.

The Piper Alpha rig exploded in 1988 after gas escaped from a valve under repair. The subsequent fire wiped out the emergency equipment making it almost impossible to escape when the rig blew up into a fireball.

Lord Cullen's report recommended large-scale changes in safety management in the offshore oil industry and companies are still in the process of carrying out those recommendations.

Mr Ronnie Macdonald, who heads an unofficial offshore workers group said the decision will lead to much cynicism among offshore oil workers and "it is bound to have a negative impact on the development of a post-Cullen safety culture."

HOUSE OF COMMONS

Labour takes tough line on far left

By Ivo Dawnay, Political Correspondent

LABOUR, the UK opposition party, suspended a further 73 party members yesterday and called on Mr Terry Fields and Mr Dave Nellist, the MPs for Liverpool Broad Green and Leicester East, to answer charges of being members of the so-called far left Militant Tendency.

The new purge – bringing the total suspended this month to 145 – means it is all but inevitable that both MPs will be precluded from standing as official party candidates at the next general election.

The crackdown by the ruling national executive of the Labour party follows directly from the Liverpool Walton by-election, when Ms Lesley Mahmood, a Militant-supporting member of the hard left, ran against Mr Peter Kilfoyle, the official party candidate for Labour.

By extending charges of belonging to a proscribed organisation to Mr Nellist, the leadership has again signalled that it will deal mercilessly with anyone suspected of Militant links. Its decision comes in defiance of the hard-left Campaign group of backbench Labour MPs who have pledged to fight any efforts to suspend their colleagues' party memberships.

Few Labour MPs believed that Mr Terry Fields, serving a 60-day prison sentence for refusing to pay his poll tax, could escape the investigation, launched formally last week.

But some soft-left MPs had hoped that Mr Nellist, who is widely respected for his parliamentary work, might not face similar charges.

Both men must now attend a meeting of the executive in September where they will hear detailed allegations that they are active members of Militant, the Trotskyite group dubbed "the party within the party."

If, as is now thought inevitable, the September executive meeting orders a hearing by the party's national constitutional committee, both MPs will be suspended from full membership and hence ineligible to contest the coming general election.

Their constituency parties will be ordered to select new candidates.

Party officials said that efforts to exempt Mr Nellist from action failed when evidence showed a *prima facie* case against him through his writings in Militant newspaper and his links with the Militant-backed Anti-Poll Tax Federation and Youth Trade Union Rights Campaign.

Vigorously supporting the move, Mr Neil Kinnock, the Labour leader, said: "I am a member of the democratic tendency".

He went on to add: "There is no room in this party for anyone who supports a programme, policies and principles that are different from those of the Labour party."

The national executive also voted to order 13 suspended members of the Lambeth Labour party, including the former council leader, Ms Joan Twelves, to appear before the constitutional committee.

All the purges are aimed at preventing the Tories making any further electoral capital out of claims that Labour still provides a refuge for the revolutionary left.

● Mr John Smith, the opposition Labour spokesman on the economy, launching an attack on the the government for causing a deep and damaging recession, highlighted the record number of business failures, and the fact that unemployment had risen "inexorably" for 15 successive months.

He said a succession of inflationary own goals and other errors had made the government "uniquely responsible for the recession".

Liberals prepare shift in policy

THE LIBERAL Democrat party is preparing for a "fundamental shift" in its economic policy towards a strongly free-market and pro-competition stance, Mr Paddy Ashdown, party leader, said yesterday writes Ralph Atkins. He said that he hoped to "outflank" the Conservatives with a re-worked economic policy under which British Telecom would be broken up and – possibly – the Post Office monopoly ended. The economic paper is to be published next month. Liberal Democrats will also urge a move away from the taxation of labour and wealth towards the taxation of resources largely as part of a environmentally-driven package of proposals. Mr Ashdown wants to consolidate progress he has made in restoring morale and electoral credibility since the demise of the former Alliance parties. Local election results between January and June put party support at about 30 per cent. Party accounts are expected to show its cumulative deficit by the end of the last financial year had been cut by £350,000.

Public debut for accounts watchdog

By David Waller

THE fund-raising device that led Saatchi & Saatchi close to the brink of bankruptcy earlier this year will be rendered obsolete today by the Financial Reporting Council (FRC), the UK's accounting watchdog.

The decision is one of three separate FRC announcements today, among its first public actions since it was established a year ago.

The most important is a ruling from the FRC's Urgent Issues Task Force – which has statutory powers to crack down on creative accounting – requiring companies to account for the interest on convertible bonds in a conservative way.

The late 1980s saw a flood of convertibles with "put" options, which gave purchasers their money back if the company's share price did not rise far enough. In return, purchasers accepted a low interest rate.

Issuing companies – such as Saatchi & Saatchi, the advertising agency – thought a rising share price meant that the "put" would never be used. When their share prices fell, the risk of repayment suddenly appeared threatening.

Today's task force ruling will remove much of the incentive for raising capital in this way. It will require companies to account for the full cost of the borrowings, taking into account the impact of conversion or redemption.

"The whole point of these schemes was to increase reported profits and to keep liabilities down," said Prof David Tweedie, the chairman of the Task Force and of the Accounting Standards Board, the FRC's main rule-setting body. "This measure will knock profits down and increase liabilities. It will slam the door on these schemes."

The ruling will have little retrospective effect, as most of the 1980s issuers have now taken steps to cope with the problem. Saatchi & Saatchi, for example, has refinanced its convertible; others have made provisions against the need to repay the bonds. The FRC wanted to make sure the problem did not reappear when the economy recovers, however.

The FRC is announcing two other actions today:

● Its offshoot the Financial Reporting Review Panel has asked over 100 listed companies why they have failed to state whether their accounts have been prepared in accordance with applicable accounting standards. The Companies Act 1989 requires companies to make such a statement, and to explain any departures from the standards. The panel's letter reminds companies that it can take them to court to force a change in the accounts, and that their directors may have to foot the legal bills.

● Sir Ron Dearing, chairman of the FRC, has written to the chairmen of all 2,500 listed companies reminding them that the Companies Act 1989 has "significantly widened the liability of directors in relation to a company's accounts".

The FRC and its panoply of new institutions and legal powers replaced the old Accounting Standards Committee after a period of mounting concern about the quality of companies' accounts. Today's initiatives appear to be designed to bring home to the UK corporate sector that the new powers will be used in earnest to tackle shoddy accounting.

BRITAIN IN BRIEF

British Coal earnings rise to £78m

British Coal reported earnings of £78m for the year ending March 1991, the company's first profit for thirteen years. Operating profit was up nearly 80 per cent, after productivity gains and cost cutting. But in a cautious speech, Mr Neil Clarke, the company's chairman, said that although the company was "in good shape," for privatisation, it still had some way to go.

A TRADITIONAL part of the UK's racing scene faces an uncertain future. A committee of MPs has recommended that the relationship between the Horserace Totalisator Board, known as the Tote, which operates betting at racecourses, and the government, should be redrawn. Instead it has called for an end to the government's involvement which should be vested in the racing industry instead. The Tote comprises 140 off-course betting shops, a credit betting business and on-course pool-betting.

Army cleared over war deaths

A Board of Inquiry has exonerated British armed forces from any blame in the Gulf war incident that saw nine soldiers killed and 11 injured by "friendly fire", Mr Archie Hamilton, the armed forces minister, has revealed.

It remains unclear, however, why two US A-10 pilots mistook the two British Warrior armoured vehicles for Iraqi forces.

Investment plan considered

The government is considering proposals for a new collective investment vehicle, the open-ended investment company, in response to concern that investment business is being lost to offshore centres such as Luxembourg. The Unit Trust Association, representing established open-ended mutual funds, has submitted proposals to the DTI.

Food premises escape fines

Over 12,000 food premises with below standard hygiene are escaping prosecution by local authority environmental health departments claims the Audit Commission which monitors local government efficiency. The commission estimates that over 15,000 food premises - canteens, restaurants, fast food takeaways - could face prosecution each year but only 3,000 are prosecuted.

Support for duty-free

The government is to support retention of duty-free shopping within the EC for "a substantial period" after the completion of the European Single Market after 1992. Brussels has proposed that duty-free allowances for travellers between member states should cease as part of the single market.

Energy study costs to be met

The government is to pay half the costs of a £120,000 detailed study of renewable energy potential in north-west England, Mr Colin Moynihan, the energy minister, has said.

RR workers vote on pay

Rolls-Royce workers in plants around the country are voting to accept a nine-month pay freeze in an attempt to prevent compulsory redundancies. Manual workers in the east Midlands, including Derby where the aerospace company has its largest plant, joined the list of plants which have accepted the proposal.

Industry spends £7.6bn on R&D

A record £7.6bn was spent on research and development in industry in 1989, according to government figures. The figures also showed government spending of £4.8bn on research and development in 1989-90. The Ministry of Defence spent £2.2bn, the DTI £719m, the Department of Energy £166m, and the Department of Education and Science £75m.

Met Office beats targets

The Meteorological Office has beaten its financial targets during its first year of independence as an executive agency according to its annual report. In addition, an accuracy rate of 84 per cent is claimed for the information supplied for weather forecasts on television and radio: 1 per cent above the target figure.

NIE group reports profit

Northern Ireland Electricity (NIE), the state-owned utility due to be privatised next year, has reported a record historic cost profit after tax of £84.1m, compared with £64.1m the previous year. The improvement was mainly due to the successful purchasing of oil, the company's main fuel, at low cost, said NIE. Even during the Gulf war, NIE managed to buy oil more cheaply than in the previous year.

Virgin to fly S Africa route

Virgin Atlantic Airways has been awarded a licence by the Civil Aviation Authority to fly between London and Johannesburg, South Africa. Virgin said services would start by the beginning of 1993.

Coutts to cut 300 staff

Coutts, the private banking arm of the NatWest Group, is preparing to shed up to 300 jobs from its 2,000-strong UK workforce. NatWest said that the cuts were part of a general reorganisation of the bank's operations.

CBI urges more roads

The Confederation of British Industry has urged the government to take advantage of a sharp fall in construction costs to build more roads. Surplus capacity in the construction industry means that contractors have been tendering for transport projects at prices 20 to 30 per cent below estimates.

Government floats plans for labour

UNIONS would have to give seven day's notice of their intention to hold a strike and would face tighter controls on the way they ballot on industrial action under changes to employment law proposed by the government yesterday, writes Mike Smith.

The Labour party dismissed the package as irrelevant and the Liberal Democrats said there was no justification for it. Among union leaders, Mr Alan Jinkinson, general secretary of the Nalgo public services union, accused the Conservatives of "playing the tired old union card to gain popularity."

The Institute of Directors gave firm backing to the proposals, saying they would increase protection for businesses and individuals against disruption of essential services.

Among 26 proposals in the discussion paper, one, foreshadowed in the Citizen's Charter on Monday, would introduce a new right for individuals to take legal action against unions for unlawful industrial action which disrupts public services. Other proposals include:

● Giving increased powers to the independent Certification Officer to investigate mismanagement of union finances.

● Forcing unions to conduct strike ballots by postal ballot, except possibly where less than 50 employees are involved.

● Reversing the present statutory presumption that a collective agreement between an employer and unions is not legally binding.

Tories aim to keep the pressure on the trade unions

Michael Smith, Labour Correspondent, looks closely at the government's new published proposals for organised labour

MR MICHAEL HOWARD, employment secretary, was yesterday at pains to stress that his discussion paper on employment legislation was not designed to be anti-union.

But even if the primary aim is to empower individuals, the Tories clearly believe they can benefit by keeping the pressure on the unions to change and highlighting what it sees as their shortcomings

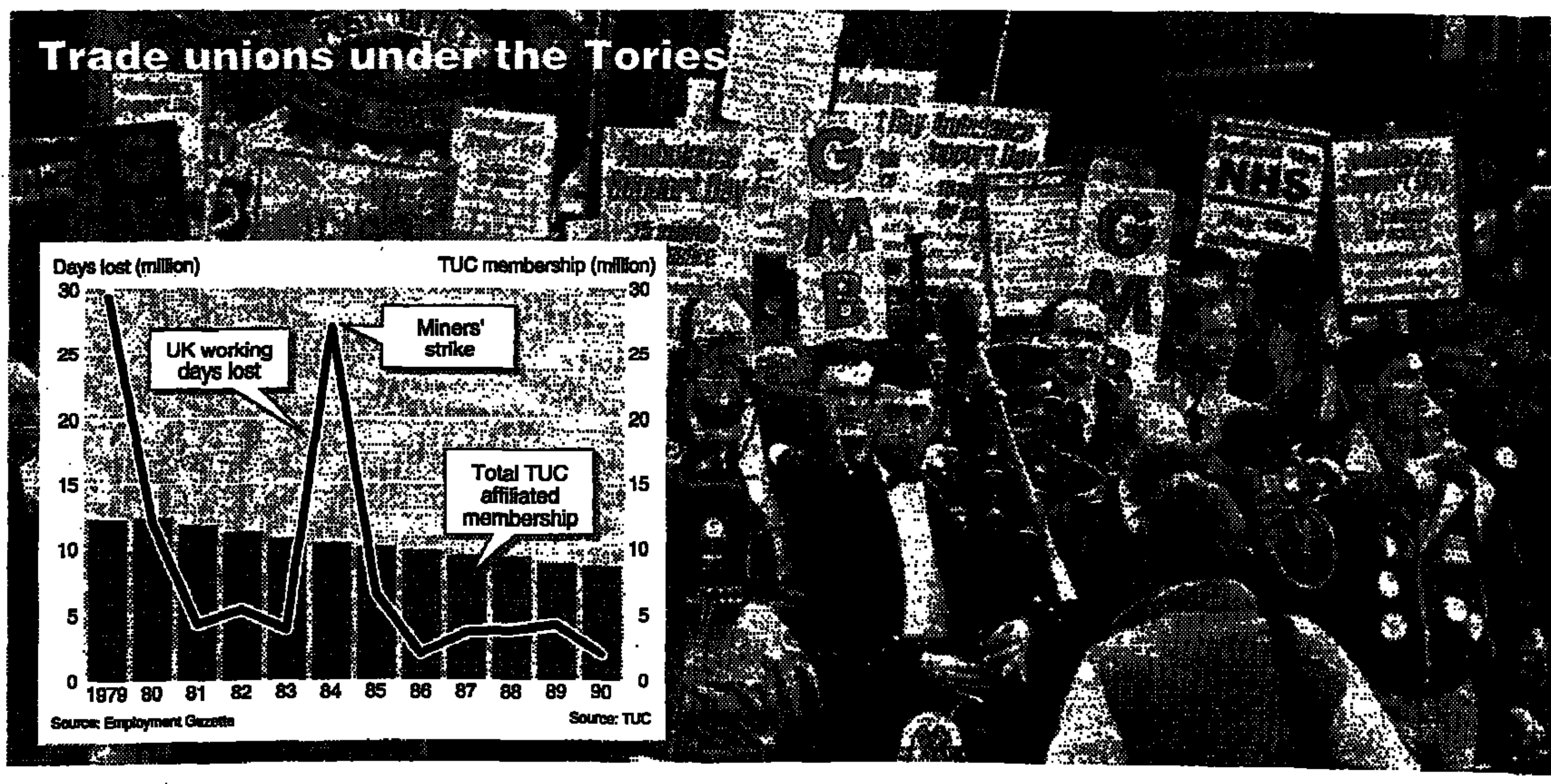
The effect of the proposed legislation on the way unions operate would be less severe than other employment laws introduced since 1979 but it could none the less weaken their finances and authority.

Mr Howard is gambling that there is still enough public antipathy towards unions for the issue to win his party votes at the next election.

Inevitably in a discussion paper which contains 26 suggested legislative changes, some proposals would have little practical effect. The plan to make collective agreements legally enforceable may fall into this category.

The likelihood is that most employers would want to opt out of this arrangement by placing escape clauses in the agreements, as they did when a previous Conservative government introduced a similar measure in the early 1970s.

In recent years it is employers rather than unions which have sought to break agreements. If the deals were legally binding it would severely limit their ability to vary redundancy provisions, as ITN did recently, or impose wage freezes as Rolls-Royce recently tried.



The majority of yesterday's proposals make life more difficult for unions rather than unbearable.

Provisions to tighten controls on finances, to require unions to provide more information for members and to force them to carry out postal, rather than workplace, ballots on industrial action fall into this category.

However, two proposals stand out as presenting particularly severe problems. One, a requirement that union members must assent at least annually to union dues being deducted from wages by employers, could result in a severe decline in membership.

In the last three decades this method of collecting dues has gradually replaced collection by officials and activists and is significantly more efficient. The fear among unions is that members will baulk at signing check-off authorisations if, say, they are dissatisfied with a recent pay deal, or more simply, are short of cash.

The second problem is presented by the government's proposal to give workers the right to belong to a union of their choice, a measure which would strike at the heart of one of the Trade Union Congress's main roles, that of regulating and policing the flow of people from one union to another.

A weakened TUC would not be a cause for regret for Mr Howard, but the employment secretary insisted yesterday that the aim of the green paper was to empower the individual.

In the coming months the government is likely to push its employment legislation reforms, including what it sees as improved union democracy and increasing the rights of individuals to sue unions, as a logical extension of the Citizen's Charter.

However the debate will be judged against the wider issue of whether the unions are still too powerful. Following the 1978-9 winter of discontent, which helped to bring down the Labour administration, the unions were a prominent issue in the 1983 election but less so four years later.

Mr Howard and Mr Chris Patten, Conservative Party chairman, have been attempting to ensure it figures highly in the forthcoming election by making repeated attacks on union "domination" of the opposition Labour Party structures and, in particular, their role in persuading Labour leaders to adopt a minimum wage policy. That is a proposal which they claim could cost up to 2m jobs.

Opposition leaders believe the Tories may be going too far in their attacks. They point to a poll, commissioned by the TUC and published earlier this week, which showed that only 18 per cent of the members of the public questioned supported legislation to limit union rights further.

In the coming debate much will depend on the attitude of employers. Unlike previous Conservative legislation, yesterday's package of proposed reforms has not emerged as a result of request for action by employers and some are concerned about the effects the proposals would have on industrial relations.

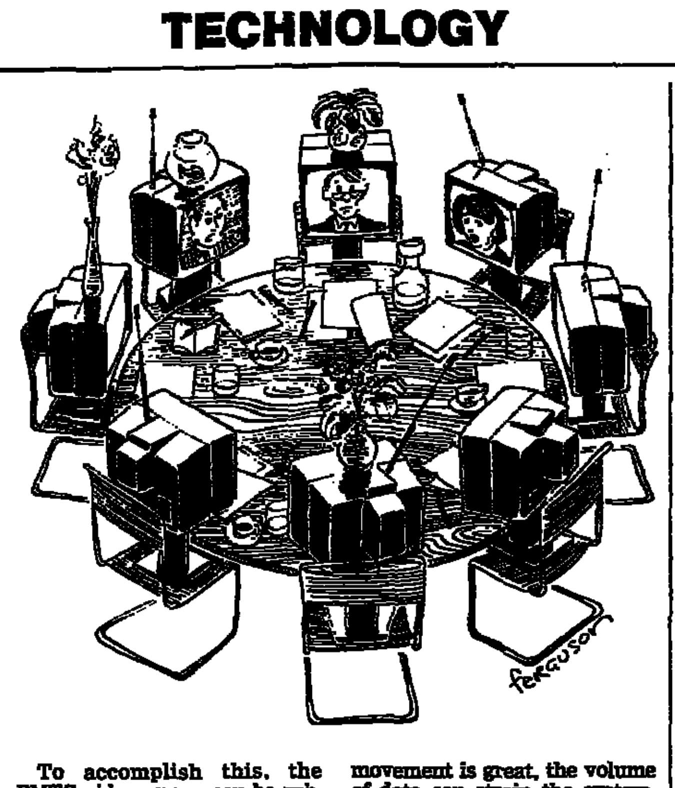
For example, the dismantling of the Bridlington rules, under which affiliate unions are prevented from taking dissatisfied members from another union, would be opposed by many if they believed it could lead to inter-union rivalries in the workplace.

An outcry from employers seems unlikely. None the less they will watch anxiously the debate on the green paper with the hope that they are not affected by what many see as an essentially political issue.

TECHNOLOGY

Steven Butler reports on a high-speed Japanese phone system that simulates live conferences

Video meeting of the minds



Nippon Telegraph and Telephone (NTT), the privatised Japanese telecommunications company, has developed a futuristic video-conferencing system for a futuristic telephone system that it hopes to have installed and running in Japan by 1996.

The conferencing system will allow the connection of up to 20 separate remote video terminals at the same time, and has all sorts of wizardry aimed at simulating the functions and feel of a live conference. It is a triumph of engineering, but also an illustration of how Japanese companies are dedicated to the advance of technology, even when commercial viability is questionable.

Today's generation of advanced, high-speed, phone circuitry, and the video-conferencing technology to go with it, have been a commercial disappointment in Japan and elsewhere.

NTT has connected only about 36,000 subscribers to its integrated services digital network (ISDN) service, which enables users to transmit voice and data down a single phone line simultaneously, at data speeds of 64 kilobits a second.

The company blames the high cost of connecting to the digital service, which, in Japan, requires the installation of optical fibre cables. It also blames the lack of suitable applications for the failure of the technology to catch on.

ISDN is offered on dial-up telephone lines. While this gives the service great flexibility, it does not match the speed and capacity of the dedicated private lines which many large companies have installed for sending computer data.

NTT's future video-conferencing facility, which it calls Personal Multimedia-Multipoint Teleconference System (PMTC), is a huge advance over existing systems because it allows the connection of terminals in several locations, and far more flexibility in handling simultaneous video images, sound, text, and data.

PMTC is designed to be used in conjunction with broadband integrated services digital network (B-ISDN) lines. This is the next generation of the ISDN system which allows for greater speed of data transmission.

NTT's new video conferencing facility, for example, uses a 155M bits per second (155m bits per second) interface, compared with the 2M bit per second in the typical dedicated phone line used by many large companies.

The greater speed of data transfer increases the volume that can be transmitted, improves the quality and broadens the flexibility of the system.

NTT is planning to lay cables for B-ISDN to Japan's major cities by 1996, and is currently working on components such as the telephone switching systems. It claims the PMTC is the first experimental application system to be developed for B-ISDN.

The equipment is designed to hook into a desktop workstation similar to those now used in everyday business. It should be capable of simulating the flexibility of an actual conference environment, where participants can pass notes, hold private conversations and pass messages with a nod and a wink.

The PMTC offers what NTT calls three different conference spaces – common space accessible to all participants, a closed space for private communication with one or more participants, and a personal space for creating personal memos or handling incoming phone calls.

To accomplish this, the PMTC video screen can be subdivided into 11 television-quality video scenes where individual scenes can be expanded, shrunk, trimmed or moved about the display. Sound can be linked individually to each image window.

The terminals are linked not through a central processing unit, but separately with each terminal participating in the conference. *This increases the* flexibility of communication since processing is not concentrated in a single unit where processing capacity may be under strain.

The video images have also been improved by means of a variable bit rate coding system for transmitting video images. Normally when video images are transmitted in digital signals, only the change in an image is transmitted. When movement is great, the volume of data can strain the system, leading to a degradation of the video image.

The very versatility of the system, however, could itself prove a big obstacle to replacing the live conference. This is because of the *extreme* complexity of trying to use a keyboard to control the flow of video, audio, text and data simultaneously to more than a *few destinations.*

Managing this kind of hand-eye co-ordination while trying to participate in a conference intelligently and efficiently *may be asking too much.* And what happens if a slip of the wrist accidently sends a sly message about the chairman to the wrong recipient?

Two articles on ISDN in France and Scotland appeared on Tuesday's Technology Page.

The flywheel takes flight

Something close to perpetual motion has been achieved by Japanese superconductivity researchers in their development of a magnetically levitated disc, which can operate as a friction-free spinning flywheel – the mechanical device used to smooth out energy delivered in bursts, as in a piston engine.

Once levitated, the floating disc spins unhindered by friction. But seekers after this holy grail of perpetual motion must be cautioned that a constant supply of energy is required in the form of liquid nitrogen to produce the superconductive state.

Masato Murakami, head of the research team at the Superconductivity Research *Labora*tory of the Ministry of International Trade and Industry (Miti), explained that although superconductive levitation techniques have a variety of applications, the main objective of the present research is improved energy storage.

"Flywheels used to store energy can be applied widely in power utility systems. In summer, electricity demand is highest during the daytime while it is low at night. During the low-demand night period, electricity can be stored using flywheels and discharged at peak hours," says Murakami.

The research team, which has been working together for two years, used yttrium-barium-copper oxide ceramic materials, cooled to a temperature of 77 deg Kelvin (77 degrees above absolute zero), to raise a 30 cm diameter aluminium disc inlaid with concentric arrays of powerful permanent magnets.

The disc was made to turn at 3,600 rpm, held in place by "flux-pinning", a technique in which repulsive and attractive forces are applied alternately. When a plain metal disc weighing 30 kgs was bolted *on top of* the smaller floating disc, the resulting friction-free "flywheel" produced stored energy equivalent to 100 kilowatts per hour – mechanical energy which can be discharged as electricity using a conventional generator.

The researchers demonstrated the basic levitation technique last year, but the latest achievement – high speeds and stable flux-pinning – came through the use of much stronger magnets, supplied by Sumitomo Special Metals.

These magnets are made from a compound of iron, nedoymium and boron and are deemed safe for use with heavy floating discs.

*"To increase the energy stor*age capacity you need only to increase the radius of the flywheel, and the maximum flywheel weight depends solely upon the strength of the disc itself," Murakami notes, pointing out that his team plans to test a three-metre diameter, 500 kg disc early next year. The frictionless *flywheel* was recently demonstrated in Tokyo and the institute has already received an inquiry from the US National Aeronautics and Space Administration.

Roy Garner

Urban transport

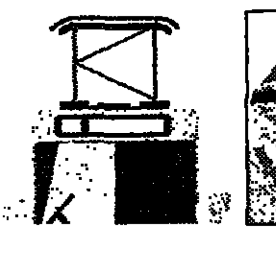
A smooth and silent ride on the rails

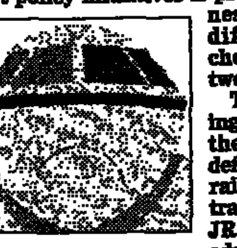
Roy Garner continues a series by examining Japan's magnetic levitation train

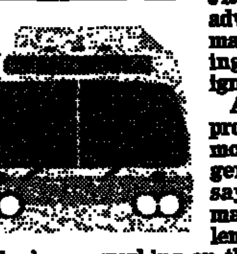
Watching a magnetic levitation train pass by, it is easy to imagine a time in the future when people will tell their grandchildren about the romantic days when railway carriages ran on wheels. Riding aboard a maglev – during test runs of Japan's HSST (high-speed surface transport) – one is left wondering not if this time will come, merely when.

Maglev trains hold the promise of exceptionally smooth, very fast and silent journeys, no pollution and low maintenance costs. The HSST rail *guideway is well-suited for urban use* because it is cheap to build and – a very important factor in Japan – occupies little land with its supporting pillars.

It could prove particularly attractive for *underground transportation since it makes lit*tle noise and the tunnels needed are about one-third smaller than conventional bores.







Moreover, because HSST's levitation magnets, linear propulsion motor and guidance system are fixed along *the length of the car,* allowing for even distribution of the vehicle's body weight, the train can safely negotiate very small curves and tackle steep gradients.

Hiroshima's local government has funded a *feasibility study for* an HSST line to link the new Hiroshima airport and the city centre, 52kms away. Yui Kittaka of HSST says that it would take only 20-24 months *to build.*

But perhaps the most promising HSST routes, says Kittaka, would connect Tokyo with its two international airports, at Haneda and Narita. If HSST were allowed to build a Tokyo-Narita route, *he claims, it could cut the* present 60-minute journey to 20 minutes.

Japan's maglev development dates back to the 1960s and comprises two separate programmes founded on different technologies.

The HSST maglev *floats* just three-eighths of an inch (10mm) above a T-shaped guideway by means of magnetic attraction, gaining lift from electromagnets at the base of the vehicle. Propulsion comes from on-board linear induction motors with power collected from a third rail.

The alternative Japan Railways (JR) maglev works by magnetic repulsion, using on-board superconductive magnets to hover four inches above a guideway fitted with magnetic coils. It is propelled by a linear synchronous wave created by motors built into the track.

The principal advantage of the JR maglev is its large passenger capacity and high speed – up to 400kph. JR hopes to achieve 550kph on a new *43-kilometre* test track now under construction in Yamanashi prefecture.

The HSST, however, has already *run* at 191kph, and its developers claim that it could run comfortably at 350kph. They add that if an *alternative propulsion system* – lightweight gas turbines are under *study* – is incorporated, there would be almost no ultimate speed limit.

In Japan the implementation of maglev technology is rapidly becoming one of high-level *political debate.* With urban transport systems barely able to expand because of prohibitive land costs, and with environmental issues such as noise and energy consumption newly emerging as a political *constraint,* the need for trans*port policy initiatives* is pressing. For the Japanese government the difficulty lies in choosing between the two maglev systems.

The government, seeing a way of paying off the pre-privatisation deficits *of the* national railway networks, has traditionally supported JR. However, the advantages of the HSST maglev are fast becoming too significant to ignore.

Already five HSST prototypes have carried more than 3m passengers. And engineers say that no further major technical problems remain.

Engineers working on the JR maglev, meanwhile, estimate it will be up to two years before *they overcome the problem of* "quenching", a loss of dynamic stability in the maglev's superconducting magnets at high speeds. More worrisome are the high construction costs, excessive power consumption and noise in operation.

Hiroyuki Hirose, senior manager of the maglev engineering department at Toshiba Corporation (one of three companies, along with Hitachi and Mitsubishi Electric, which are participating in maglev research with JR), acknowledges the *difficulties.* "To realise a commercial maglev [JR-type] transportation system a big breakthrough is needed both in technology and in overall equipment cost."

Yui Kittaka, HSST senior adviser, stresses that the HSST project is now concentrating on medium-speed, short-haul routes. "Over the next five or six years we aim to prove that our system is more practical and more simple in terms of operation," he says.

The final article in the series, to appear next week, will examine the electric car.

MANAGEMENT: Marketing and Advertising

Paul Betts investigates the price war among airlines crossing the North Atlantic

Flying in the face of reality

Midsummer madness is how Richard Branson describes the current air fares war across the North Atlantic.

His airline, Virgin Atlantic, has just launched what it claims to be the lowest fares offered during the peak summer season between the UK and the US for more than 10 years. Virgin economy passengers can now fly the Atlantic to New York or Boston for £149 for a one-way ticket. If they travel in Upper Class, the business cabin, to Boston or Los Angeles they can take a friend free of charge.

The Virgin cheap fares offer which began two weeks ago and continues until September 15 came a week after the airline celebrated its first flights out of Heathrow with a huge party at the airport with rock bands, barbecues, and a fairground atmosphere. Two months earlier, British Airways, the principal resident airline at Heathrow, launched what it called "the world's biggest offer" flying passengers free on all its flights on St George's Day, April 23.

Since then, BA has unveiled a £10m package to improve its North Atlantic service which includes new lounge and check-in facilities in the US, new catering services in business class, more Heathrow ground staff and faster security and immigration clearance at terminal 4, which serves BA's intercontinental flights .

US rivals of the two UK carriers have not stood still. They too have been multiplying offers and inducements to passengers including free flights for partners flying with a full fare-paying business or first class passenger, lower fares in economy, and bonus miles on their frequent flier programmes – an increasingly important element in the marketing arsenal of airlines.

Airlines have traditionally waged a fierce war to win passengers and market share on transatlantic routes, one of the most lucrative sectors in the world airline market. But competition has intensified this summer for two fundamental reasons: airlines are desperately trying to stimulate a recovery in air travel after the slump caused by the economic recession and the Gulf crisis; at the same time, the UK government's decision to abolish the old London air traffic distribution rules has opened up Heathrow to more airlines and greater competition.

Under the old rules, only carriers which were serving Heathrow before 1977 could fly in and out of the world's busiest airport in terms of international passenger volumes. The government felt the restriction undermined its efforts to promote a multi-airline industry in the UK and threatened to distort the country's "open skies" policy.

Simultaneously, the government also renegotiated its bilateral aviation agreement with the US to allow United Airlines and American Airlines, two of the strongest and biggest US carriers, to replace Pan Am and TWA, two of the weakest, at Heathrow. Although United and American acquired the Pan Am and TWA London routes for $290m and $445m respectively, they would not have been able to fly into Heathrow unless the rules were changed. In return for allowing these two US carriers into Heathrow, the US authorities agreed to give UK carriers greater access into the domestic market across the US.

These significant changes in the regulatory environment enabled United to start serving Heathrow in April. The airline is now operating more than 50 flights a week across the Atlantic from that airport. American launched its Heathrow services this month with 63 weekly services at the same time as Virgin began its own Heathrow operations to Los Angeles and New York.

The arrival of American, United and Virgin are clearly putting pressure on BA's operations across the North Atlantic; traditionally these have accounted for a significant share of the airline's revenues and profits. Indeed, the North Atlantic accounted for £1.6bn of BA's £4.8bn revenues last year.

Moreover, BA is also facing competition at its home base of Heathrow with the decision of several international airlines such as Cathay Pacific and All Nippon Airways to transfer some of their Gatwick services to Heathrow.

Robert Crandall, the American Airlines chairman, said at the launch of his company's new transatlantic services that the competition BA now faced at Heathrow would increase the overall market by stimulating more travel, in particular across the Atlantic.

However, in the short term the airlines are still struggling to fill their aircraft, especially their premium first and business class cabins where they earn the best yields.

In contrast, volumes at the back end of the aircraft are now quite strong. But this is small consolation for airlines since yields in the economy section are currently extremely low. Heavy discounting and the large number of passengers cashing in their frequent flier air miles or taking advantage of two-for-one ticket offers on some airlines have severely eroded yields.

Glyn Genin

Tit for tat: in return for allowing United and American Airlines into Heathrow, the US authorities agreed to give UK carriers greater access to the US market

There are few encouraging signs of a rapid rebound in high yielding business traffic. Pressure on corporate travel budgets has resulted in a large number of businessmen trading down from first class to business class or from business class to economy.

A recent survey on business air travel carried out after the Gulf war by the International Air Transport Association has also shown that about one third of the businessmen interviewed on both sides of the Atlantic had reduced their travel during the Gulf war, many by at least 50 per cent. But the main reasons for the cutbacks were the general economic situation, not only because of fears over terrorism.

These disturbing trends have further fuelled the current airline marketing and advertising blitz on transatlantic routes from Heathrow.

The question is how long will this bonanza last and how many airlines will ultimately be able to sustain the current cut-throat competition?

So far this year, airlines have lost $2.5bn on their international scheduled passenger services. Even if traffic does eventually return to normal industry growth rates, airline yields will have to improve dramatically if carriers are to return to adequate levels of profitability.

Soft soap and hard sell in Czechoslovakia

Ariane Genillard reports on Procter & Gamble's plans for its new domestic detergent maker

In Prague's embassy quarter, there are large billboards featuring abstract watercolours vaguely *reminiscent* of trees and rivers. Squeezed in a corner, the words "The future is with us" lie next to the Procter and Gamble logo.

Procter and Gamble's message, albeit somewhat obscure, is about to be spelled out more clearly for Czechoslovak consumers. In the company's office scripts of potential television adverts signal the marketing campaign soon to be launched in *Czechoslovakia.*

Procter and Gamble will not just be marketing its own products, however. Instead, the company's mid-term success pivots around its investment in an existing local brand.

Rakona, the Czech detergent company which P&G bought for $20m a month ago – the first outright purchase of a Czech company by a western manufacturer – holds a virtual monopoly in Bohemia and Moravia, which together account for two thirds of the national market.

The monopolistic system developed under communist rule will serve P&G well in its first years in Czechoslovakia. Ask anyone in the Czech republic what detergent means and they will answer Rakona.

Procter and Gamble intends to use this advantage as much as possible. "The reason for investing in a local company is that you can build on the potential of the local brands. You have of course to evaluate the value-for-money of these brands and make sure that, at this retail price, they are producing decent quality," explains William Harter, director of Procter and Gamble in Czechoslovakia.

Moreover, the local market will grow, it says. In 1990, Rakona had a turnover of roughly 900m Koruna (£17.5m at the commerical rate) and sold 60,000 tons of detergent. It is estimated that this market is 30 per cent underdeveloped. Growth in consumers' incomes should allow consumption to rise significantly, says Procter and Gamble; it has pledged a further $24m (£14.2m) to upgrade the manufacturing technology over the next four years to increase Rakona's production.

Per capita consumption of detergent in Czechoslovakia averages 8 kilos a year. While this is relatively low compared with most industrialised nations, it remains above that of many southern European countries. Moreover, over 90 per cent of Czech households have – or have access to – a washing machine.

Neighbouring countries will also be targeted. Part of the purchasing agreement for Rakona foresees that, if the plant is competitive in terms of price and quality, its production will be used to supply other central and eastern European markets. This will allow production to increase and redundancies to be avoided.

The growth of local companies is dear to the heart of the Czech authorities. Both the Slovak and the Czech governments, which approve all transactions at this early stage *of the privatisation process, do* not want local companies to serve simply as marketing bases for imported brands. Many western investors drafting joint venture agreements have to offer guarantees that, so far as is economically viable, local brands will not be phased out.

Czechoslovakia is ideally located for central and eastern European markets, say Procter and Gamble. Rakona itself is in northern Bohemia, next to the Polish border. And the only decent highway out of Czechoslovakia goes to Hungary.

Developing Rakona's products does not, however, preclude Procter and Gamble from marketing its traditional detergent and dish washing brands in Czechoslovakia. These brands will be produced by Rakona. But both relatively *low-priced local brands and* higher-priced new ones will be able to live side by side for some time, says the company.

This situation already exists to a certain extent in Czechoslovakia. An imported detergent, such as Persil, for example, currently sells at roughly 50 Kcs for 600 grams. Palmex, on the other hand, which is produced locally, costs 17 Kcs, twice the price before the January 1991 price liberalisation.

Both products are manufactured by the Slovak detergent group Palma which is on the point of selling 51 per cent to Hankel of Germany.

Procter and Gamble hoped that some of its brands sold in Germany and Austria, such as Ariel, the largest selling detergent in Western Europe, would not be totally unfamiliar to Czechoslovak consumers.

"We are *assuming,* and frankly, there isn't a lot of market research for this kind of experiment, that some brand awareness slips across the border simply by virtue of people travelling there or watching German TV programmes," says Harter. Thirty per cent of Czech consumers can technically watch German television.

"Because of this brand awareness, we hope that the return on our investment will be similar to that of a new product launched in the more developed western economies," he adds. Marketing companies would typically expect a new brand to break even after a minimum of five years.

But estimates of expected return on investment made in other markets may prove hard to apply to eastern Europe's fledgling economies. "We are in a vacuum in terms of experience," admits Harter. "When you are simply trying to account for inflation, you may look at Latin America, but you don't have anywhere where you can see the change from a supply to a market economy."

The lack of a parallel situation makes it all the harder to evaluate consumer behaviour and the ability of a company to change it.

Unlike with Mercedes cars or Chanel perfume, it may be harder to convince Czech consumers that detergent is worth a higher price. In the first quarter of 1991, real wages in Czechoslovakia dropped by 15 per cent. While this is partly the result of one-time price jumps due to price liberalisation, *significant* income growth belongs to a relatively distant future. Meanwhile, willingness to buy higher priced brands will be closely linked to income growth and the purchasing power of the local currency.

In the meantime, the marketing of imported goods remains a challenge. *Local advertising* companies point out that consumers want to be informed about products rather than see brand names flashed across television screens.

And with hard data on consumer behaviour non-existent, market research relies on an accumulation of interviews in which reactions to western style advertising is gauged.

'Une heure avec . . .'

AIX-EN-PROVENCE

Aix is much too hot to run a round-the-clock programme like Edinburgh's. Nothing happens during the day, except the odd concert of sacred music in the blessedly cool Saint-Sauveur cathedral – and as an opera festival *par excellence*, Aix can't count upon its devotees to turn up for mere instrumental music. But it has a appealing institution of its own, the "Heures avec . . .": almost every day at 6.30, as the heat lifts, there is a solo recital – nearly always by a singer involved in one of the operas, usually young – in the open Saint-Sauveur cloister. It lasts just an hour leaving time for dinner before the opera at 9.15.

Year upon year, there are happy discoveries to be made at "Une heure avec . . .". The fact that the audience is seated on all four sides is a minor nuisance, requiring singers either to rotate continuously or to address successive songs to one side, then to another. There are always collaborating bird-voices too, and around 7 o'clock an unsynchronised assault by competing church bells. Yet the institution is invaluable – though the Festival treats it too lightly: the announced singers and their programmes are liable to change without warning, and the provision of words is erratic and fitful. Of the three "Heures avec . . ." I heard last week two were by the wrong singers, but I was glad to have heard each of them.

The one who arrived as promised was Claron McFadden, the black, beaming, crewcut American Vénus from Rameau's *Castor et Pollux*. Her technique and poise are impressive, her communicative energy still more: a notable career is on the cards. She sang minor Mozart, cheerful Rossini and early, hyper-exquisite Debussy in creditable German, Italian and French, and then a "Glitter and Be Gay" that was far lustier and wittier than June Anderson's on the new recording. All she needed was a proper accompanist.

Unfortunately the same chap, Neal Goren, was at the piano for the other two artists. Agnès Mellon, the fragile "good" heroine of the Rameau, sang Schubert sensitively but in toothless German; in Poulenc, Satie and Bernstein she proved to be a marvellous cabaret-artist, clever and irresistible – a gift to future *opérette* productions. The recital by young Tulike Olafimihan, who had been interesting but too dark-voiced for the Barbarina of *Figaro*, displayed her promise to richer advantage. Exciting vocal potential, on a big operatic scale but only half-tapped yet, and many well-taken cues from her teacher Elisabeth Schwarzkopf: she may develop remarkably.

Goren revived memories of my North American youth, when grand touring singers were invariably accompanied by musicians of his stamp – carefully sympathetic, never assertive enough to make a creative challenge to their soloists, not very good at actually playing the piano. In the trickier Schubert and Strauss piano-parts he seemed (on the kindest interpretation) to be sight-reading. One longed to hear Miss McFadden supported and urged on by (say) Roger Vignoles, Miss Mellon by somebody with much lighter fingers, Miss Olafimihan by sharper pacing. If Aix *must* have an all-purpose accompanist for "Une heure avec . . .", it should raise its sights.

David Murray

CINEMA

In need of a short back and sides

EDWARD SCISSORHANDS
Tim Burton

JOURNEY OF HOPE
Xavier Koller

LA CHATEAU DE MA MERE
Yves Robert

THE ADVENTURES OF MILO AND OTIS
Masanori Hata

The boy who grew up in the castle has clusters of steel blades for hands. Down in the pastel-coloured small town, where the local Avon lady (Dianne Wiest) has brought the boy to live after the death of his inventor (Vincent Price), young Edward Scissorhands (Johnny Depp) is lauded as a lovable innocent. He cuts hair like a virtuoso, he topiarises every plant in sight. And he falls for Wiest's pretty daughter Winona Ryder. The handsome hero, overcome by gentler feelings despite his tragic manual extremities . . .

"Hold it! Hold it! What the hell is this? Is your name Tim Burton?" "Yes, Mr Studio Head." "Are you the guy who made the third biggest box-office hit of all time, *Batjuice*?" "*Batman*, Mr Studio Head, *Beetlejuice* was the film I made before that." "Okay, okay. And now you're giving us this – this fairy-tale stuff? What are you calling it?" "*Edward Scissorhands*." "What sort of title is that? You think it'll pull them in Peoria? Let's have a serious re-think here, Tom." "Tim." "Let's see if we can't cut down on the whimsy and pump up the action a little. Haircuts, topiaries – sheesh! Buy this guy a lunch and get him outa here."

This critic makes it a rule seldom to agree with Hollywood studio heads, even when scripting their dialogue himself. But this studio head has a point. Tim Burton's 1960s-set fairy tale boasts a teasing title and teasing kick-off. The Toytown hamlet in the valley peers up at the gothic pile on the hill. Inside the pile, the dying Mr Price bequeaths his steel-fingered brainchild to the world. Soon, a ring on the doorbell and "Avon calling . . !"

The travelling cosmetics lady gasps at the boy's hands and their tracery of self-destructive handiwork – facial scars, torn clothes – and whisks him down to civilisation. Whereupon we filmgoers, studio moguls to a person, start to cry "Hold it!" For what begins as a *Beetlejuice*-style play-off between two worlds – Gothic delirium versus small-town daintiness – has soon become a corporate take-over in which daintiness wins all. Before we can say "Wonderful life" we are knee-deep in Capra-land, mildly colourised by the parodic pastels of John (*Hairspray*) Waters. And we gaze at the cut-out-and-glue Town Types as they pass by.

Town man-chaser Kathy Baker; town ingenue Winona Ryder; town bully Anthony Michael Hall; town bewildered parents Dianne Wiest and Alan Arkin. And young Edward becomes the town Christ figure, saintly and misunderstood: his scissor-hands less nightmare punishment tools à la *Struwwelpeter* than topsy-turvy stigmata. Even as we laugh at the gags with which director Burton garlands his hero – the bionic haircutting skills, the handiness as a human kebab-skewer – we feel the approach of the movie's Message, as ineluctable as the town crier. Oyez, oyez, see the Gospel story re-drafted as a Dadaist sitcom.

A slim idea is plumped out with equal measures of whimsical invention and moral self-importance. Burton after *Batman* may be Hollywood's newest wonder-boy. But even wonder-boys should not be allowed to run heedlessly amok. Someone should have been in there coaxing him to use the cutting edge of his genius to trim, sharpen and shape.

Scissorwork is not always the ideal metaphor for movie-making. Nor is control necessarily the best condition for inspiration. Sometimes cinema is as creatively unpredictable as the exploits of children pottering in a chemistry lab. Mixing unlikely ingredients, they suddenly produce an explosion.

The Swiss film *Journey Of Hope*, which stole this year's Best Foreign Film Oscar from under the nose of *Cyrano De Bergerac*, begins like the filmgoer's worst nightmare. Murky photography; ethnic austerity in deepest Turkey; ordeal by subtitles. Plus the ever-present menace of sentimentality. Farmer Haydar and his wife sell their land and sheep in order to emigrate illegally to Switzerland. But should they take one of their children? And if so will it be the gap-toothed 7-year-old Mehmet with his cutie-pie smile and garden-rake eyelashes? It will.

Ten minutes in, we are eyeing the exit door. Thirty minutes in, our eyes are nailed to the screen as we respond to a story of danger and double-cross resembling a real-life *Torn Curtain*. Forged passports, dodgy Mr Fixits, stowaway ship journey. Then writer-director Xavier Koller pushes his central trio, who have joined a van-load of refugees pounding north through Italy, towards a snowy mountain-top. This scarce-manned wilderness is the Swiss-Italian border. Will they survive the howling snows and prowling dogs?

Freedom or capture, life or death: the film's finale sloughs all but the bare narrative necessities, just as the characters slough their surplus belongings or watch their suitcases toboggan helplessly down the mountainside. The young boy's final fate becomes overpoweringly moving as we watch it reflected in his father's glassy, hitherto stoical gaze. When that stoicism cracks, it does so as loudly as a glacier. We perceive the skill with which the film has held back from histrionics until its releasing climax. And we applaud Necmettin Cobanoglu's powerfully understated performance as the father, which proves that great screen acting does everything by appearing to do almost nothing.

★

Yves Robert's *Le Château De Ma Mère* is the sequel to his *La Gloire De Mon Père*, adding the next bit of narrative rolling-stock to his adaptation of Marcel Pagnol's childhood memoirs. Young Marcel (Julien Giamaca) still hankers for those chalky fortresses known as the mountains of Provence. Schoolteacher Dad (Philippe Caubere) cannot possibly afford another summer there, Marcel has his exams to prepare for and – oh what the hell, let's go to Provence.

The adventures start up again as wistfully as before and the old characters – moustachioed Uncle Jules, child-of-nature Lili – are shaken forth from narrative retirement. Like its predecessor, the film is too cute for comfort and languidly episodic to a fault. At least until it takes its one magical turn. The family's new-found illicit short cut to their summer weekends, skirting canals and private châteaux, takes on the quirky, haunting romance of all good childhood adventures. Will they get caught? Will Mama faint dead away with terror? Will Dad prove himself a coward or hero? Late in this two-part movie saga, director Robert discovers the true geography of enchantment, whose entrance gate is seldom further than the end of our street.

★

The Adventures Of Milo And Otis is a money-spinning all-animal film written and directed by Masanori Hata. It shows that the Japanese are not content with taking over two major Hollywood studios: they are now trying to conquer the world with Disney-style whimsy. Milo is a marmalade kitten. Otis is pug-nosed dog. And the English narrator, as these two careen round the countryside meeting multi-seasonal hazards like bears, waterfalls, snakes, foxes and snow-blizzards, is Dudley Moore.

Our two creature-heroes cannot believe what is happening to them: which sums up the response of last Tuesday's press-show audience. Shot in an animal theme park in Hakkaido, the film resembles an insane home movie made by someone unsure whether he wants to be David Attenborough or D.W. Griffith. Full of fuzzy frolickings and fur's-breadth 'scapes, it is a small triumph of winsome virtuosity. If you take six spoonfuls of sugar in your tea or coffee, you may have the stomach for it. Otherwise a large pinch of salt is your best protection.

Nigel Andrews

Winona Ryder and Johnny Depp in 'Edward Scissorhands'

Deborah Harry

ODEON HAMMERSMITH

An hour or so after Wogan had smirked with Madonna on national television on Monday night the woman who first proved that being blonde and beautiful is no disadvantage for a pop career took the stage at the Odeon. Deborah Harry, who 15 years ago led Blondie to persistent pop success, was back in town.

But now the position has changed and Harry seems to be hooked on Madonna videos. In the old days she was cold and detached, her perfect face hardly flicking an eyelid as she belted out clever songs which bridled punk music within the American desire to boogie. Now she swears and stamps and wields the whip, literally: her tough looking band did not seem particularly cowed.

This Harry even sweats, although her 46-year frame, bursting out of a tight skirt and a flimsy basque, managed to avoid the spotlight for most of the 90 minute set. Instead of the untouchable dreamy old Harry we now have the bar-room floozy, the girl who has done it all, seen it all, and could stare down Madonna for the last after dinner mint. When the tulips were thrown on stage Harry meditatively ate some and then ripped off petals to scatter on the crowd.

I don't think she is mean (though she was a bit naughty not to return for a second encore and sing "Denis"), but she certainly puts on a mean show. The Blondie songbook, many written by her former partner and guitarist Chris Stein, who at least still plays with her in public, is superb and has aged excellently. The raw energy of new wave was refined with catchy melodies and singalong riffs and comes up as fresh as paint.

Harry was in fine voice, and the band, a little on the respectful side, especially Stein who played kneeling at her feet, kept the energy flowing. "Atomic" exploded the audience and songs like "Twenty First Century" and "Touched by your presence, dear" were as welcome back as a troopship. Madonna, with her pre-recorded stage act in advanced aerobics, seemed a glove puppet compared to this old trouper.

Antony Thorncroft

Walther Gruner Competition

GUILDHALL

After three days of preliminary rounds the City of London Walther Gruner International Lieder Competition moved to the Guildhall on Tuesday for its final. In theory the Old Library there should make a dignified setting for the occasion, though the lofty spaciousness of the hall did tend to sound inimical to the special intimacy of mood that song requires.

The first competitor, the British baritone William Dazeley, gave every impression of being at ease on the platform, both with himself and the German song repertoire, which he sings with careful attention to language and an apparently practised style. He struck the right balance between word and music from the beginning and the comic songs, always a danger area, were deftly handled. But the effect as a whole was too subdued. To my seat about half-way back in the hall neither the voice nor the personality came across with much of a sparkle.

Dazeley took second prize. The jury decided not to award a first prize, which was definitely the right decision in the circumstances, as there is nothing to be gained from lowering the sights of a competition in a year when winners are hard to spot.

A joint third prize was given to Britta Schwarz from Germany and Raimonds Spogis from Belgium. The mezzo had an appealingly rounded voice full of bright overtones, but sang all her songs with an all-purpose eagerness which soon lost any impact. Spogis was more interesting and got fully to grips with the emotions at the heart of his music. The voice itself, intermittently hollow in the middle and rough round the edges, was sometimes troubling. But Spogis alone of the contestants had taken the trouble to put together a well-planned programme (based on songs featuring soldiers) and he might justly have been considered for a higher award.

Fourth prize went to the German tenor Jörg Hering, who had one of those evenings when nothing went right. Sundry other diplomas were also awarded, but one inevitably went away feeling that, if the final represented the vocal peak of the competition, then the standard overall could not have been very high.

Richard Fairman

Berio, Monteverdi, Maw

ALBERT HALL & RADIO 3

Luciano Berio's *Coro* (1975-7) returned to the Proms on Tuesday, played and sung with masterly control by the BBC Singers and Symphony Orchestra conducted by the composer. Among postwar concert works written for large forces it is uniquely well suited to the style of Prom performance. *Coro* is not just a massive feat of sustained composition: it is a "whole world" of music, a tapestry of voices and instruments whose texts, colours and sounds spread out in this space with glorious resonance and fullness.

An hour-long composition for about 40 each of voices and instruments laid out in pairs, it is also "international" in a way that chimes exactly with the Proms spirit. In it Berio weaves together snatches of folk poetry of many nations around quotations from the poetry of Pablo Neruda. The folk-poetry speaks of human pleasures and foibles, the Neruda of human suffering caused by political injustice; the point is to build a unity-in-diversity on a single, gradually disclosed theme – the eternal splendour and misery of the human condition.

But far from being an exercise in agitprop or sententious tub-thumping, *Coro* achieves its purpose with infinite subtlety. It is a song-symphony in which the blend of individual and corporate singing lines, vocal and instrumental, creates a multi-coloured, multi-textured fabric of astonishing variety and richness. In his disposition of contrasted spatial groupings Berio seems to join hands with his great Italian composer ancestors. The poetry of *Coro* lies in its reconciliation of tradition and innovation, of past, present and future; that is also the secret of its overwhelming impact.

As prelude to this 20th-century masterpiece, the pianist Andrea Lucchesini joined Berio and the BBC orchestra to play the same composer's Concerto II, subtitled "Echoing Curves". This is another mixture of past and present, in this case of a more in-turned kind: the 1974 Berio piano piece *Points on the curve to find* . . . serves as core-material for elaboration with orchestral forces. It strikes me as one of Berio's "between-times" compositions: the central preoccupation with fast-moving pianistic shimmer has been preserved from the original piano solo, and the supporting orchestral buzz is diverting, but the increased length affords the listener no significant new insights into the basic musical concept.

★

The juxtaposition on successive evenings of large-scale choral Berio and Monteverdi at the Proms constitutes a fine piece of programming – a perfect demonstration of the Italian polychoral tradition. Monday's account of the Monteverdi 1610 Vespers was another quintessential Prom occasion, though rather more restrained than others of the same work have been in the recent past.

Andrew Parrott, directing his Taverner Players, Choir and Consort (with passages of liturgical chant from the New London Chamber Choir), favours reduced forces, spare instrumental colourings, a general approach to the music that might be described as either "soberly concentrated" or "puritan", according to taste and prejudice. Externalised dramatic gesture is stripped away; instrumental show-for-its-own-sake likewise. On its own terms the performance was superbly well achieved – whether the Vespers are indeed a single composition at all or a collection of unrelated compositions, it was here made whole by the singleness of Parrott's purpose.

But the restrictions of vocal colour in the solo singing of a troupe of Early Music specialists – led by Nigel Rogers and distinguished chiefly by the contributions of David Cordier (countertenor) and Joseph Cornwell (tenor) – amounted to a central denial of Monteverdi's Italian-ness. The echo-duets and architectural displays of vocal prowess were all put across in a spirit of good taste that for me proved suffocating: how one longed for an intrusion of uninhibited Mediterranean fervour!

The Anglo-Saxons have rescued Monteverdi from neglect. It is perhaps time to rescue Monteverdi from the Anglo-Saxons.

★

A brief note on the Tuesday late-evening Prom by the wind band of the Royal Northern College under Timothy Reynish – a brilliant and heartening display of student excellence and an enjoyable programme (David Bedford, Holst, Skalkottas) with a cunning balance of "serious" and "light". It contained the first of 1991 Prom commissions: Nicholas Maw's *American Games*, 20 minutes of highly self-conscious entertainment music.

Maw, perhaps the most copiously gifted British composer of his generation, has always been associated with lyrical effusions of a serenely melancholy kind; it is frankly rather horrible to hear him being up-beat in this particular fashion. What is wrong with it is not the attempt at entertainment itself, but the artificial jollity in the aping of big-band American brashness that seems to have attended it. The best that can be said for *American Games* is that it is well made, and will no doubt serve the wind-orchestra repertory handsomely.

Max Loppert

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.30 Recital by winner of the 1991 Gina Bachauer International Piano Competition. Tomorrow: Lev Markiz conducts New Sinfonietta of Amsterdam in Artyomov's Lamentation, Shostakovich's Concerto for piano, trumpet and strings, and Tchaikovsky's Souvenir de Florence. Sun: Heinrich Schiff and Tzimon Barto give a recital for cello and piano (6718 345)

ATHENS

Herod Atticus Theater 21.00 Concert by Berlin Radio Chorus, including music by Mikis Theodorakis (322 1459)
Lycabettus Theater 21.00 The Alex Donner Orchestra. Sun and Mon: Municipal Regional Theatre of Kalamanta presents Shakespeare's Troilus and Cressida (322 1459)

COPENHAGEN

Tivoli Koncertsalen 19.30 Jan Krenz conducts the Tivoli Symphony Orchestra in Dvorak's New World Symphony and Mahler's Kindertotenlieder, with Brigitte Fassbaender. Sat: Soren Hansen conducts Arhus Sinfonietta in music by Stravinsky, Ravel, Takemitsu and Varese. Mon: Tiziana Fabbricini (La Scala's new Violetta) is soprano soloist in a Mozart programme conducted by Aldo Ceccato (3315 1012)

LONDON

DANCE
Coliseum 19.30 Ballet Nacional de Espana in a programme of five works, including two flamenco dances and two ballets by Jose Granero. Final performances tomorrow and Sat (071-836 3161)
MUSIC
Covent Garden 19.30 Mark Ermler conducts Piero Faggioni's production of La fanciulla del West, restaged by Wilfred Judd, with Mara Zampieri as Minnie, Justino Diaz as Jack Rance and Giuseppe Giacomini as Dick Johnson, also Sat. Tomorrow: Attila. These are the final performances of the Royal Opera season (071-240 1066)
Royal Festival Hall 19.30 Alexander Nevsky: screening with English sub-titles of the complete Eisenstein film with Prokofiev's music performed live by the Royal Philharmonic Orchestra conducted by Yuri Temirkanov, with Christine Cairns and the Brighton Festival Chorus (071-928 8800)
Royal Albert Hall 19.30 Bernhard Klee conducts the BBC Philharmonic Orchestra in Bruckner's Ninth Symphony and Mozart's Clarinet Concerto, with Sabine Meyer. Tomorrow: Barry Tuckwell plays Robin Holloway's Horn Concerto with the BBC Philharmonic conducted by Edward Downes. Sat: Alexander Lazarev conducts a Russian programme. Sun: James Galway gives premiere of Malcolm Williamson's new work for flute, chorus and orchestra (071-823 9998)
THEATRE
The Manchurian Candidate is a play by John Lahr from the novel by Richard Condon, about an all-American hero returning from a Middle East War. A New Vic Company production directed by Robin Midgley, starring Connie Booth and Sian Philips (Lyric Hammersmith 071-836 3464).
Live Bed Show is Arthur Smith's no-holds-barred exposé of modern-day sexual manners, directed by John Dowie, with Rebecca Stevens and Edward Tudor-Pole as the two bed partners. Tonight, tomorrow and Sat only (Lyric Hammersmith Studio 071-836 3464).
Carmen Jones, the Hammerstein/Bizet all-black musical, is enjoying a hugely successful run in a classy production by Simon Callow (Old Vic 071-928 7616).
The Rose Tattoo is a Peter Hall Company production of Tennessee Williams' heated but joyful celebration of sex, starring Julie Walters (Playhouse 071-839 4401).
For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MUNICH

Staatsoper 18.00 Silvio Varviso conducts Der Rosenkavalier, with Felicity Lott as the Marschallin, Ann Murray as Octavian and Barbara Kilduff as Sophie, repeated on Sun. Tomorrow and Mon: Wolfgang Sawallisch conducts Henning von Gierke's production of Der fliegende Holländer, with Robert Hale as the Dutchman and Julia Varady as Senta. Sat and next Tues: Sawallisch conducts Le nozze di Figaro, with a cast led by Barbara Bonney and Wolfgang Brendel. Tomorrow, Sun and Tues in Cuvilliés-Theater: Dennis Russell Davies conducts Manfred Trojahn's Enrico, which was premiered at Schwetzingen in May (221316)

NEW YORK

MUSIC
Avery Fisher Hall 20.00 Emanuel Ax is soloist in Mozart's Piano Concerto No 25, and Dmitry Sitkovetsky is soloist in Mozart's Violin Concerto No 1, with the Mostly Mozart Festival Orchestra conducted by Armin Jordan. The programme also includes Mozart's Haffner Symphony and Haydn's Symphony No 24. Repeated tomorrow. Sat and Sun: Roger Norrington and the London Classical Players lead a series of weekend events, focussing on Mozart's last year and including an examination of his working methods and a discussion on performance practice (875 5030)
OFF BROADWAY THEATRE
Heartbreak House is a revival of G.B.Shaw's play about love, liars and the joys of a broken heart, Directed by Peter Ruffet, with a cast including Rayna Baker, Robert Sutherland and Sheila Gerber (Westside Theater, 252 West 81st Street, 874-7290).
Pageant is a musical spoof of beauty contests, a deft and rowdy parody conceived and directed by Robert Longbottom (Blue Angel, 323 West Forty-fourth street, 262-3333).
Prom Queens Unchained is a musical comedy about a senior high school prom queen competition in 1959, with a wide range of fifties sounds by Keith Hermann, directed by Karen Azenberg (Village Gate Downstairs, 160 Bleecker Street, 475-5120).
Lips Together, Teeth Apart is Terence McNally's play about two married couples sharing a Fire Island beach house over a long Fourth of July weekend (City Center's Stage I, 131 West Fifty-fifth Street, 581-7907).
Ticketron answers inquiries and sells tickets (246 0102)

PARIS

Auditorium, Forum des Halles 20.30 Philippe Herreweghe conducts Ensemble Musique Oblique in Schoenberg's Chamber Symphony No 1 and Pierrot Lunaire. Mon: Marc Minkowski conducts Les Musiciens du Louvre in a Mozart programme. These concerts are part of the 1991 Festival Estival de Paris, which runs till the end of August (4804 9801)

ROME

Caracalla 19.15 Concert by soloists of the Teatro dell'Opera, followed at 21.00 by Nabucco, conducted by Nello Santi, staged by Renzo Giacchieri, with Silvano Carroli in title role. Repeated on Sun. Tomorrow: Aida. Mon: Yuri Temirkanov conducts the Royal Philharmonic Orchestra (488 3641)

VERONA

Arena 21.15 Silvano Carroli sings the title role in Nabucco, staged by Gianfranco de Bosio and conducted by Daniel Oren. The season runs till Sep 1 (045-800 5151)

VIENNA

MUSIC
Arkadenhof 20.00 Andreas Delfs conducts the Swiss Youth Symphony Orchestra in music by Brahms and Shostakovich, with Igor Oistrakh violin soloist. (4000 8410)
Hofburg 20.30 Gert Hofbauer conducts Vienna Hofburg Orchestra in a selection of waltzes and operetta favourites, with young soloists. This concert is repeated three or four times each week throughout the summer, either in the Hofburg or at the Konzerthaus (587 2552)
Konservatorium 19.30 Recital by cello soloists attending the Vienna summer masterclass of David Geringas. Tomorrow: violin and harpsichord soloists (512 7381)
Palais Palffy 20.00 Piano recital by Imogen Cooper, with music by Beethoven, Schubert and Mozart (512 5681)
St Michael, Refektorium 19.30 Recital by Barbara Klebel, baroque violin, with Wolfgang Gluxam harpsichord and Pierre Pitzel viola da gamba (587 9843)
Universitätskirche 21.00 Mozart's rarely played oratorio La Betulia Liberata (1771), with the chorus and orchestra of the Vienna Spectaculum 91, conducted by Gerhard Kramer (4000 8410)
THEATRE
English Theatre 20.00 Three Tall Women by Edward Albee. Tonight, tomorrow and Sat only (402 1260)
Theater an der Wien 19.30 Freudiana, musical by Woolfson and Parsons, daily except Wed (58830)

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Thursday July 25 1991

The Soviet Communists

THE LOW popular esteem of the Soviet Communist party was clearly exposed last month at the Russian presidential elections where less than 17 per cent of the voters opted for Mr Nikolai Ryzhkov. As the former prime minister, he was the candidate most closely connected with the Communist party.

In what was probably the freest election ever to take place in Russia, before or after the October 1917 revolution, 60 per cent of the votes flowed to Mr Boris Yeltsin, whose popularity soared after his exit from the Communist party.

This is the essential political backdrop to today's meeting of the party central committee at which Mr Mikhail Gorbachev, the Soviet president, wearing his party hat as general secretary, is expected to unveil a new draft programme.

The programme "unconditionally denounces" the crimes of Stalinism, is briskly dismissive of the Marxist heritage, seeks to reposition the party in the European social democratic tradition and could well split the party.

Much of the manoeuvering now taking place in anticipation of such a split is connected with the struggle for ownership of the property and other resources owned by the party whose 19m members – now reduced to 16.4m – used to control all aspects of Soviet life. For some this meant access to coveted privileges.

Lost monopoly

But far more than the spoils of power are at issue. Under Mr Gorbachev the all-powerful party reconstructed after Stalin's death has already lost its monopoly of political power. It is still the biggest and most coherent political force in the country thanks to its capillary network of cells and organisations at all levels of society, including the KGB and the military-industrial establishment.

But it is no longer the only political force and its waning power has just received another rude challenge from Mr Yeltsin who seeks to ban precisely the grassroots structures which have made it able to impose its will in the past.

This poses a problem for Mr Gorbachev's conservative critics. Some have promised to call for his resignation as general secretary. But others fear that if he goes they will be more vulnerable to the demands of Mr Yeltsin and the challenge posed by the rapidly growing number of non-Communist parties.

Strategic mistake

Much, including the fate of Mr Gorbachev, appears to hang on the outcome of the plenum. Many argue that he made a strategic mistake in preventing conservatives going their separate way at the party congress a year ago. That left him in control of an increasingly unpopular and fractious party, gave Mr Yeltsin the chance to build his own Russian power base and permitted the dispersion of power to the newly assertive republics.

This process may have been bad for the party, but it has been good for the growth of democracy in the Soviet Union.

Mr Gorbachev still seems attached to the idea that the Communist party could be transformed into a reformist vehicle with himself still in control. The precedents are not good. The former Italian Communist party has changed its name, opted for a form of social democracy and lost its identity and force. The once ruling parties of east and central Europe have been discarded by electorates given the chance to vote for democratic alternatives. Russia did the same.

One of the most hopeful aspects of the contemporary Soviet scene is the emergence of new political and economic forces independent of the Communist party. Power in an over-centralised and over-militarised state is also being devolved to the republics. By the nature of things many of the new politicians and businessmen are former Communists. The process is confusing and contradictory. But as the options become narrower the choices become clearer.

At the G7 meeting in London Mr Gorbachev made his bid for integration into the capitalist world economy. This week he has announced further progress on a new Union Treaty. It is not easy to see a convincing role for the Communist party in the looser, capitalist-style federation of the future.

Politics and trade unions

YESTERDAY'S GREEN paper on trade union reform has more than a whiff of party politics about it. With an election due in the next year, the government hopes to draw Labour into a battle over proposals which would highlight the party's still unpopular links with the unions.

Labour would certainly be foolish to argue with plans to improve the financial accountability of unions to their members. The inquiry by Mr Gavin Lightman QC into the National Union of Mineworkers identified a number of areas where there had, in his view, been misapplications of funds and breaches of duty. The green paper would beef up the powers of the Certification Officer to examine accounts and investigate complaints.

Postal ballots before strikes and mergers are also welcome, as is more extensive supervision of ballots by members and independent scrutineers. And there is sense in a seven-day notice period for strikes, especially in public services, where a clever union would see such warning as good PR.

The proposals for new rules on deducting union dues from members' pay are more mischievous. The authority to make deductions would have to be renewed by members annually or whenever the amount changed. For many unions, the measure would mean a significant loss of membership simply because of the organisational difficulties of getting signatures on paper.

Equal treatment

Some unions have enough members with bank accounts to contemplate collecting subscriptions by direct debit – for which the authority does not have to be renewed each year. If union check-off is to need annual renewal, so in equity should all direct debit arrangements (whether for a union or the National Trust, or for paying the poll tax). Otherwise the same rules should apply to check-off as for direct debit: written notice every time the amount changes with a month to rescind the authority.

It is hard to see any clear public interest in sweeping away the Bridlington Agreement under which the TUC arbitrates between unions in membership disputes. From the unions' own point of view, there is certainly a case for ditching an agreement which forced the Eetpu electricians' union out of the TUC in 1988 and which, when the building workers' union Ucatt almost disintegrated earlier this year, stopped the GMB general union from sweeping up disaffected members – leaving the field clear for the non-TUC electricians.

Union choice

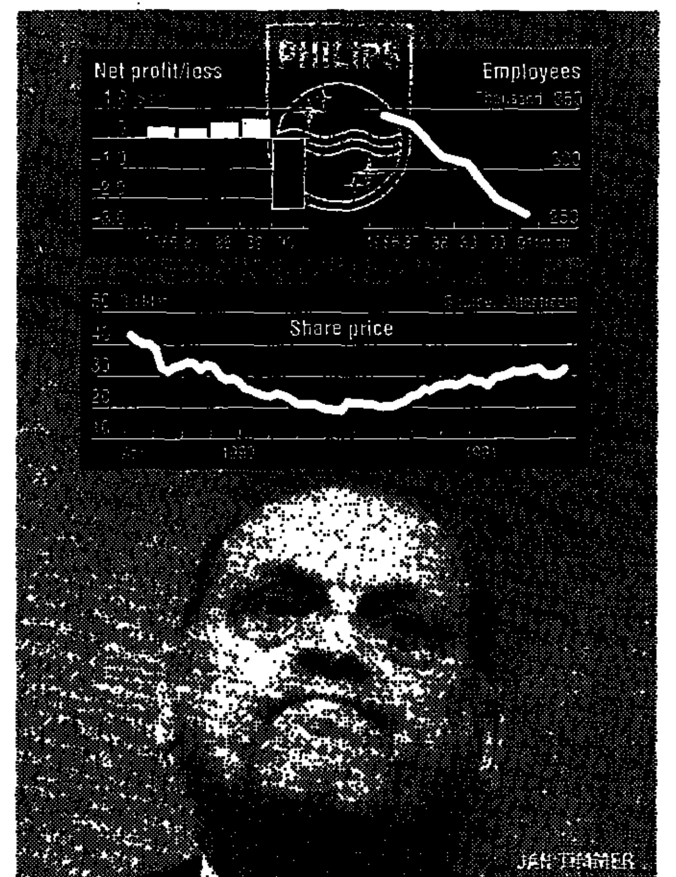
But if unions choose to make agreements which stop them recruiting from competitors and weaken the TUC, that is their problem. Thanks to earlier government reforms on the closed shop, no-one is compelled to become a member of a union; nor is any union forced to join the TUC with its Bridlington shackles. The idea that individuals suffer either an offensive loss of individual liberty or practical disadvantages at work in not being able to join a union which refuses to recruit them is frankly ludicrous. As it happens, most employers would undoubtedly prefer to let this particular sleeping dog lie, since Bridlington tends to mean fewer, less fragmented unions with which it is easier to do business.

Finally, there is the proposal to make collective agreements legally enforceable. When last tried in the 1971 Industrial Relations Act, most employers agreed to get-out clauses, knowing that resort to law in industrial relations marks a point of failure. The green paper is also unable to cite any demand from employers for this move.

Indeed, it is hard to detect a groundswell of opinion that further legislation is needed at all. And there is a case – the more telling because it is made by the right-wing Adam Smith Institute – that the government has gone too far in interfering in unions already cut down to size by a decade of reforms. The government has frequently insisted that its aim is to reform the unions, not destroy them. Mr Howard's green paper will not destroy the unions, but nor will it improve industrial relations or enhance the competitiveness of the British economy.

Ronald van de Krol on the progress of measures to turn round Philips

So far, so good



Back in July 1990 sceptics reacted to Mr Jan Timmer's appointment as president of Philips, the ailing Dutch electronics group, in much the same way that some Kremlinologists originally greeted Mr Mikhail Gorbachev's ascendancy in the Soviet Union.

How, many people asked at the time, could a man who was the product of a tottering system be expected to reshape and reform that system from within? How could Mr Timmer, who spent 39 of his 58 years working for the Netherlands' premier industrial establishment, have risen to the top of Philips without having imbibed the paralysing bureaucratic culture that has prevented its renewal?

So far, Mr Timmer – though perhaps not yet Mr Gorbachev – has managed to prove the sceptics wrong. Many of his reforms have been energetic and far-reaching, as demonstrated by the deal announced on Tuesday to sell the bulk of Philips's troubled information-systems division to Digital Equipment Corp (DEC).

However, to stretch the analogy with the Soviet Union further, it still remains to be seen whether the new thinking introduced by Mr Timmer will spur the company at large to embrace the profit motive and rise to the challenges of the marketplace in the 1990s. He has made a good start: net profits from normal business operations rose to Fl 135m in the first quarter of this year from just Fl 6m in the same quarter of 1990. The group is predicting that it will be back to full-year profits this year.

The sale to DEC of Philips's mini-computer activities takes Mr Timmer's radical overhaul of the company into a decisive new stage: it heralds the first of Mr Timmer's long-awaited, much-discussed and secretly-guarded "portfolio choices" – a euphemism for slicing away Philips's loss-making businesses and narrowing its sprawling range of activities. Philips's mini-computer activities, which were always small by the standards of the global computer industry, generated Fl 2bn ($1bn) in sales per year, or about 3.5 per cent of group turnover of Fl 55.8bn. Even without mini-computers, Philips's businesses remain extremely diverse, ranging from shavers, televisions and compact disc players to medical-imaging equipment, light bulbs and glass-fibre cable.

The divestment comes at a time when analysts were growing impatient to hear where Philips intended to concentrate its efforts and research funds in future. In late February, Mr Timmer had caused some disappointment when he said he had no plans to divest entire divisions, but the reversal of this stance has helped restore confidence. The company's shares now trade at about Fl 32.50, their highest since Mr Timmer became president.

It is a sign of Mr Timmer's progress so far at Philips that news of the deal with DEC excited little controversy in the Netherlands. Unions expressed guarded optimism about the move, and there was little of the shock and surprise that has accompanied Mr Timmer's previous series of shake-ups.

In the 13 months since Mr Timmer took the helm, Philips has already been thoroughly buffeted by the first two stages of "Operation Centurion", an ambitious programme of turn-around management whose name is in part a reference to the electronics group's centenary this year.

The first phase involved emergency efforts to plug the biggest holes in Philips's perilous financial position. On July 1 1990, his first day in office, Mr Timmer announced plans to take a multi-billion guilder charge – and to accept a multi-billion guilder net loss for 1990 – in order to slim down Philips's computer and semiconductor activities and to cut 10,000 jobs.

In the second phase, Philips trimmed its sails even more fully by setting in motion a 15 per cent, across-the-board cut in its worldwide workforce. To spread the pain evenly around all "stakeholders", it also omitted its 1990 dividend.

Now, in the third stage of Centurion, Mr Timmer is ready to jettison loss-making activities which have little hope of returning to enduring profit on their own and which bear little relation to the group's healthy businesses. However, equally important to this phase will be the attempt to reshape the group's corporate culture – to convert it, in other words, from a lethargic, research- and production-driven apparatus into a dynamic, customer-oriented organisation.

Already, several thousand of Philips's top executives around the world have been drilled in the new Centurion thinking at meetings held in Stockholm, Hong Kong, New York and Sao Paulo, among other places. Mr Timmer has said drily of these seminars that "the word 'confrontation' expresses precisely what happened there".

We do not get upset enough if we lose the market for a short time

Starting in the second half of 1991, lower-level management will also be confronted with what Mr Timmer hopes will become a "mental transformation" of the whole company. Now that the information systems division has been put up for sale, attention is swinging to the future of Philips's loss-making semiconductor activities.

Theoretically, at least, Philips already paved the way for a change in strategy by lifting semiconductors out of the wider components division in January and putting them into a separate product division of their own. This would make it easier for Philips to transfer semiconductors to a joint venture or a partnership with another manufacturer.

In retrospect, a similar change in structure in computers foreshadowed the mini-computer deal with DEC. In late 1990, Philips transferred personal computers (PCs) away from the information-systems division to consumer electronics. This left the way clear for Philips to sell off its micro- and mini-computer businesses while retaining its hope of catching up from behind in the PC market. The divestment of the micro-computer division shows once more that Mr Timmer is not afraid to dispose of businesses to which the old-style Philips attached much prestige.

One of Mr Timmer's first significant acts as president was to halt pilot production of a key computer chip – the one-megabit static random access memory (S-Ram) chip – because commercial production held out few prospects of profits, despite the Fl 1bn in research spending poured into the project since the mid-1980s.

Before Mr Timmer, Philips had often been motivated by considerations other than profit. In keeping with its strong paternalistic past, when the company financed hospitals, schools and housing estates in and around its home base of Eindhoven, the company was keen to preserve jobs, even at the expense of profitability. As one of the main repositories of Dutch technical expertise, it also cast itself as the main bulwark against Japanese and US domination of the European electronics industry, a position which required it to prolong activities which were long on prestige but short on profit.

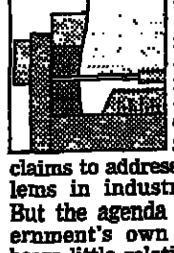
Previously, Philips was quick to blame Japanese and Korean competition for its ills, slow to accept criticism and reluctant to discuss its problems in public. In an interview with an internal company publication last year, Mr Timmer even compared Philips unfavourably with Japanese competitors, saying: "Our organisation is still characterised too much by tolerance; we do not get upset enough if we fall behind the competition or lose the market for a short time." Encouraged by this criticism from above, the company's in-house press, once a model of brave-faced confidence, has followed suit.

Earlier this month, "Philips News" quoted Mr Jan Post, Philips's chief executive in Spain and a member of a new group-wide task force on customer service, as saying that until now, employees were used to thinking in terms of their bosses and the company's products but not in terms of customers.

Mr Post says every Philips establishment in Europe should open a centre by the end of 1991 to help and advise consumers who have queries or complaints about the company's goods. He argued: "Our operation and the way we think, built up over the past century, is based on: My boss, my department, my colleagues, my factory, my production line, my group and my product. Customers? Customers are not my responsibility."

Tinkering with union law

By Norman Willis



The green paper on trade union law published yesterday by Mr Michael Howard, the employment secretary, claims to address current problems in industrial relations. But the agenda is of the government's own making, and bears little relation to realities in the workplace.

I detect no sign that employers are seeking changes to the law. Their agenda, like the rest of Britain's, centres on unemployment and lack of training.

If Mr Howard thinks his new plans will be greeted with acclaim at the polling booths he will be sadly disappointed. An independent poll conducted recently for the Trades Union Congress by NOP Market Research showed that fewer than one respondent in five believed there was a need for new laws to limit union rights. Significantly, even among Conservative voters the number backing such measures was only 21 per cent.

But our poll did show what Mr Howard could do to take popular steps. He could introduce a law to give people at work the right to be represented by a trade union when they have a problem with their employer. Ninety three per cent of people asked for their view supported the idea.

There is also majority support for a law to recognise trade unions at workplaces where a union has significant support. And if Mr Howard really wants to court popularity, he should take a deep breath, forget all those speeches of the past few months and introduce a legal right to a minimum wage. If he did that he could expect the support of 85 per cent of the people surveyed by the NOP poll. His campaign to discredit this idea has flopped totally.

I wish Mr Howard would take up this agenda. But I fear he will not; rather, he can be expected over the coming months not to seek support on all sides to tackle Britain's problems but to pursue proposals that are either irrelevant or disruptive – and certainly heavily one-sided.

It often seems that Mr Howard is not very interested in relationships at work. If he were, he would discover that collective agreements rarely command unanimous support. There are often disaffected minorities who nonetheless have to recognise the will of the majority. They do that because of a TUC code of conduct among our unions, the so-called Bridlington agreement, which underpins collective agreements and union democracy. If that were rendered inoperable by law, the result could be chaotic and a menace to many agreements.

If Mr Howard does not like the Bridlington agreement he could legislate for a different mechanism to regulate the whole area of union membership and recognition for collective bargaining. But he rejects any positive steps, concentrating on destroying what exists without replacing it.

What this means in practice is that, encouraged by the law, single union agreements, so often sought by inward investors, would have little meaning when at the first sign of disagreement within the workforce – for instance over the size of a pay claim – the aggrieved minority could up and join another union. It is a prospect I do not relish, nor will employers.

There are problems too with the proposal for seven days' notice before a strike may begin. In reality, this week would be as much a time for heating things up as cooling them down, especially as Mr Howard places no equivalent constraints on employers from acting provocatively – yet another example of one-sidedness.

The concept of legally-enforceable agreements is one that was tried and abandoned 20 years ago. If unions and management wish to make agreements that are legally binding they can, of course, do so now. But most have no intention of turning working agreements into a lawyers' paradise. I have no evidence that breach of agreements is a significant problem.

The plan to complicate the practice whereby employers deduct union subscriptions at source will simply make life difficult for unions. Already employers and employees only participate if they agree to the deductions: what is wrong with that?

If Mr Howard knows of any problems with this arrangement, we will look into them, but he is meddling with a system which is widespread and well-regarded and uncontroversial.

There is some irony in the fact that while the world's greatest banking scandal is unfurling the government should be thinking of compelling each trade union to supply all its members with a copy of its accounts. No equivalent obligation applies to employers vis-à-vis their employees, to banks, building societies and certainly not to the government.

The fact is that the government has got its proposals upside down.

Trade unions haven't caused the current problems – but they could help to solve them through genuine social partnership.

The challenge for the government, led by Mr Howard pulling on his lead, is this: does it want British industrial relations to be better, or bitter? Does it want necessary working together or needless disruption?

The author is TUC general secretary

OBSERVER

Herd swap for Hepher

■ Why should Britain's biggest company BT want an actuary as group managing director? By the same token, why should Michael Hepher, boss of Lloyds Abbey Life, want to swap running his own show for a utility where he will be number two in the herd to a chief executive who is still a good 12 years from retirement?

The musical chairs at the top of both companies says something not only about lack of top management talent in British industry, but about Hepher's huge ambition. If he had stayed on another year or two, he would have stood a good chance of succeeding Brian Pitman, chief executive of Lloyds Bank – Britain's most successful clearing bank group. Instead he has preferred to exchange one giant bureaucracy for another.

Group managing director of BT may well be one of those chance-in-a-lifetime jobs. Hepher's marketing ability is something his new employer needs. With Barry Romeril, an ex-BTR finance director, providing the cost-cutting skills and chairman and chief executive Iain Vallance overseeing the regulatory battles, the result just could be a dream combination that transforms BT into something more exciting than just another big utility.

The downside is that all three men are of the same age, and Vallance shows no sign of wanting to split his job. But despite BT's revolving management door, Hepher may be right in suspecting the chance of change is greater there than in a stuffy clearing bank.

Talkdown

■ So much for full disclosure.

Here we have Union Discount, one of the Bank of England's favourite financial institutions, breaking with centuries of tradition by releasing interim figures instead of the usual anodyne three-sentence statement. And the shares drop 28 per cent in a day.

Secret weapon?

■ What's behind newly-knighted Sir Christopher Harding's decision to step down as chairman of British Nuclear Fuels? An old Hanson hand – he once ran the family transport business – and used to work for ICI, currently Hanson's top interest.

Unlike Chris Collins, newly promoted to the Hanson board, Harding has no family connections and has proved himself outside the cosy Hanson empire. Initially he had been reluctant to quit Hanson. "I was frankly terrified at my lack of technical knowledge and experience," he says. Then there was the little matter of his mother, who asked plaintively: "Why BNFL? Why not a nice company like Harrods?".

However he quickly impressed fellow BNFL directors with his enthusiasm for their high-technologies, and in 1986 retiring chairman Con Allday proposed him as his successor.

Martin Taylor yesterday had no knowledge of any plans for Harding to increase his work at Hanson. As a postscript, civil servant John Guinness, Harding's successor at BNFL, is one of those credited with Hanson's plan to bid for PowerGen last year.

Spade work

■ South African ministers, black and white, don't seem to have heard the maxim that when you are in a hole, it is best to stop digging.

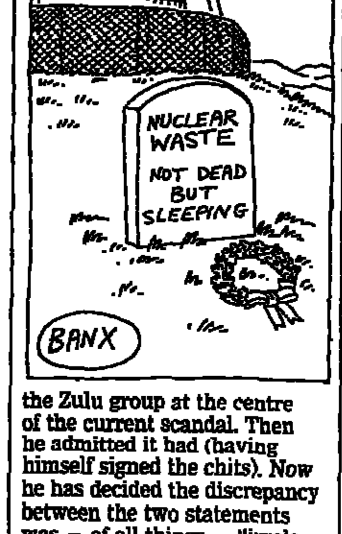
Foreign Minister Pik Botha, for example, cannot leave bad enough alone. First he denied Pretoria had funded Inkatha, the Zulu group at the centre of the current scandal. Then he admitted it had (having himself signed the chits). Now he has decided the discrepancy between the two statements was – of all things – "irrelevant".

Inkatha leader Chief Mangosuthu Buthelezi seems prone to the same problem. He has tried to blame the scandal on his personal assistant, M.Z. Khumalo, who obligingly resigned after issuing a statement displaying the most extravagant self-abasement.

Alas when Inkatha officials called a press conference to announce his resignation, they could not produce him to substantiate the improbable claim that he alone knew of government funding to Inkatha. Asked why Khumalo was missing, one official suggested that if the press wanted to talk to him, they should go and find him.

When it comes to self-defence, though, Law and Order Minister Adriaan Vlok probably wins the prize. When accused on national television of spending R5m on an Inkatha trade union, he snapped that this figure was "way out of line."

Pretoria had spent only R1.5m or so, he said - inadvertently providing first confirmation that funding to Inkatha had gone beyond very small amounts.



For the record

■ With thefts from cars rampaging in UK cities, a sorry tale told by motor-dealer Quentin Willson in the journal Buying Cars suggests embattled car-owners can't win.

One of his BMW 535i-driving customers got so fed up with having radios stolen that he simply stuck a note over the aperture saying: "Don't bother it's already gone".

Some nights later, he found a side window smashed yet again. A scribbled note on the seat said: "Just checking".

Light fingered

■ The problem is different in Ivory Coast capital Abidjan. There it's the traffic lights that mysteriously disppear.

After a year of head-scratching police have traced them to a factory where they are turned into cooking pots. The owner allegedly supplies saws to gangs of street boys then buys the sawn-off lights from them for 40p apiece.

Non-starter

■ Meanwhile a magistrates' court in Portland, Dorset, was overtaken by events when a charge against one Jonathan Bennett for an alleged offence involving his VW Bumble Bus, turned out to be technically faulty. The defendant announced he had changed his name two weeks before to Volkswagen Beetle.

"Is Volkswagen a christian name?", asked the prosecuting solicitor. No, the defendant replied, he now had a double-barelled surname.

He is expected to appear in court again under his new marque at a later date.

ECONOMIC VIEWPOINT

How they managed the UK economy

By Samuel Brittan

"Socialism, capitalism; Labour, Conservative. He does not think in these terms at all. He has a marvellous facility for numbers. But for him economic policy is fiscal policy and interest rates. Arguments of political economy leave him cold."

Wild horses will not drag from me who said that about whom. The subject of the remark was certainly not my namesake Andrew Britton, the director of the National Institute for Economic and Social Research, whose new book, Macroeconomic Policy in Britain 1974-87*, is out today.

But the author sometimes seems to aspire to that description. His own view is that union legislation, the defeat of the miners' strike, deregulation, privatisation and similar policies had very little effect on output and inflation. Indeed statistical evidence one way or another will probably not be available until the end of the century. But this is an outstanding example of a book whose value lies in the narrative and analysis rather than just its conclusions.

One of the best sections is on ideas. The Keynesian policy combination,

There was never a monetarist experiment as interest rates were still set as of yore

under challenge in the 1970s, was "reflation to cure unemployment, depreciation of the exchange rate to protect the balance of payments; and incomes policy to hold back inflation. The package was unusable if incomes policy could not be negotiated".

The author wisely distinguishes between the neo-classical reaction to such precepts in general and strict monetarism in particular. Neo-classical economists expect unemployment to persist if real wages are held above the market-clearing level for whatever reason. This does not depend on the narrower assertion that "the money supply was both measurable and controllable. This belief came to grief amidst the fluidity of British financial institutions and of the statistics relating them." Nevertheless "the revival of neo-classical economics and belief in the efficacy of markets continue into the 1990s".

The really major upheavals were not do with either monetarism or Thatcherism, but the floating of sterling in 1972 and its refixing in the ERM in 1990. Within the author's period the two main changes were the disintegration of incomes policy and the end of direct controls on the banking system. Policy suffered, he believes, from the absence of a fixed exchange rate anchor to which the government would be precommitted. He attributes the high level of inflation (and less plausibly) unemployment to the disintegration of Bretton Woods. What is missing is an analysis of why Bretton Woods broke down and how the ERM could avoid its fate.

Returning to the domestic scene: *Britton maintains that there was* never a monetarist experiment in the technical sense. Not only was the search for an aggregate target unsuccessful; but there was no way by which the Bank of England control such an aggregate directly. Instead it operated on interest rates. The Bank of England "can, within limits, decide *the rate of interest at the short end of* the market, day by day and month by month. The government can also decide year by year roughly what the level of public sector borrowing shall be." These are, and long have been, the main policy weapons.

He is emphatic that the day-to-day setting of these variables by govern*ments was very little different in 1987* from what it had been in 1974, and very little different then from what it had been 20 years earlier still. The debate on economic ideas changed what was said more than what was done. Interest rates were set "very much with an eye to external markets. They moved when world rates moved, although not one-for-one in *terms of percentage points*." Nicholas Ridley's golden age of the 1980s, when policy was determined by the money supply alone, never existed.

A finding in need of more thought is that nominal interest rates were 3 percentage points higher under the Conservatives than they would have been under Labour policies. The author suggests that the higher cost of credit took the place of quantitative control *as a brake on spending*. Even so had the Conservatives succeeded in eliminating inflation, interest rates would eventually have been lower and not higher under their rule.

The main difference between myself and my namesake is that the latter still believes that there is a worthwhile operational tradeoff between employment and inflation – despite his own eloquent explanation on page 89 of the possibility of "Keynesian thinking forever encouraging governments to reflate for the sake of short-term advantage to employment, and forever adding to the rate of inflation in the vain attempt to hold unemployment below the sustainable level". But it is a *déformation professionelle* to say that "everything depends on the nature of the equations". Everything depends on the behaviour which the equations feebly try to capture.

If the study had ended later than 1987 I wonder if Mr Britton would have stuck to his conclusion that the Thatcher government kept the pres*sure of demand too low for too much* of the period and that it should have "bought" less counter-inflation because its unemployment price has proved too high.

Although the author maintains that the objectives of macroeconomic policy are full employment and price stability, he does range wider; and I have *taken the opportunity to update and* enlarge some of his comparisons. During the complete economic cycle 1979-89 the growth gap between the UK and continental Europe was indeed closed, but mostly due to a fall in European growth. The UK lagged behind the US in total GDP but grew faster in per capita terms. On most domestic performance indices the UK did better after 1979 than in the previous economic cycle, but not as well as before 1973. The exception where the British economy improved on Golden Age early performance was manufacturing productivity which the government was said to neglect.

Most interesting of all: the absolute *level of output per head is very similar* in the main European countries and Japan, with Britain only slightly behind. The big gap still lies between all these countries and the US, if we are to believe the best estimates.

**Cambridge University Press £30.*

COMPARATIVE PRODUCTIVITY

(Using purchasing power parity exchange rates: UK=100)

	GDP per capita [1] (1989)	GDP per worker [2] (1989)
France	102	123
Germany	104	110
Italy	97	124
Japan	108	103
US	144	143

Annual percentage changes in real GDP per capita

	OECD Europe	US	Japan	UK
1964-73	3.6	2.6	8.0	2.6
1973-79	1.9	1.4	2.5	1.4
1979-89	1.7	1.8	3.5	2.0

UK growth rates annual average percentage changes

	1964 -73	1973 -79	1979 -88	1979 -89	1979 -90
Real GDP[1]	3.0	1.5	2.1	2.1	2.0
Output per head:[2]					
-manufacturing	3.8	0.7	4.2	4.2	3.9
-whole economy	2.7	1.1	2.1	1.9	1.7
-non-North Sea econ.	2.7	0.5	2.0	1.8	1.7

[1] based on output measure. [2] of the employed labour force

Indicators for teenagers

An economic teenager can almost be defined as someone whose optimism or pessimism is based on one month's figures. Not that adult observers ignores the latest data; but they count them for their contribution to a longer trend.

Those who wrongly regard the published current balance of payments deficit as a good indicator of whether Britain is "in the red" have no right to say that Britain is "back in the black" because of the estimated £0.02bn surplus in June. Given the swings of up to £1bn that are common in the monthly figures it would be astonishing if Britain were not back "in the red" in July or August or some other early month.

On data so far this year the current deficit is running at between £3½bn and £7bn per annum, or about 1 per cent of GDP. Rather more encouraging is that the gradually improving payments trend reflects not only a fall in import volume, but a recovery in exports despite the recent near-standstill in world growth.

Moving nearer home: have retail sales really started to improve? All that has happened so far is a one-month jump in June. For the last quarter as a whole, there was an apparent fall. But that, too, is misleading because a rogue high figure for March – due to shoppers rushing to beat the higher VAT – inflated the first quarter of the year. Taking the first six months of 1991 together, sales volume has almost stopped falling. This fits in with the new Goldman Sachs activity index suggesting that the recession has almost but not quite reached bottom. Most recoveries start off looking slow and sluggish and end up by being much too vigorous.

The best single piece of UK economic news is how quickly producer price inflation (excluding food, drink and tobacco) is coming down. The annual rate fell to 5.2 per cent this June. The CSO's seasonally adjusted data now make possible three and six-monthly comparisons, which are 3.0 and 4.6 per cent respectively on an annualised basis.

The most disappointing news is how slowly this fall is coming through to the consumers. The 5.8 per cent headline rise in the Retail Prices Index in the year to this June reflects mainly the timing of mortgage interest rate cuts. Underlying measures have been at about 7 to 7½ per cent, and still remain at this rate when attempts are made at seasonal adjustments for shorter periods.

UK Trade Volume (exc. oil and erratics) % change at annual rates

	Imports	Exports	Deficit % GDP
1986	+7.1	+2.4	0
1987	+8.8	+7.6	1.0
1988	+14.6	+4.4	3.3
1989	+7.4	+9.2	3.9
1990	+1.2	+7.3	2.5
1990 1st half*	+4.0	+9.9	3.8
1990 2nd half*	−5.4	+1.4	1.3

*Over previous half-year Source: CSO

BOOK REVIEW

A pressing case for treatment

SERIOUS AND UNSTABLE CONDITION: Financing America's Health Care
By Henry J Aaron
Brookings Institution, Washington; 158 pages

Mr Henry Aaron, director of economic studies at the Brookings Institution, has produced the best recent guide to America's health care debate. It is lucid, remarkably objective in its treatment of competing proposals, and admirably brief.

Mr Aaron argues that any credible reform of US health care must extend health coverage to the 34m or so Americans who lack insurance, curb runaway cost inflation and avoid a large redistribution of income – which would be politically unacceptable. The three conditions are hard to meet at once.

Many on the left favour a tax-financed system of national health insurance along Canadian lines. This would certainly achieve universal coverage. Central budget controls would also curb cost inflation. But the reform would wipe out the private insurance industry while dramatically increasing public spending. It is thus politically unfeasible.

Radical conservatives are urging the abolition of tax incentives for employer schemes and their replacement with tax credits for individuals. If the credits were large enough, the purchase of individual insurance could be made mandatory. Universal coverage might then be assured. But the scheme would do little to restrain cost inflation because it would not alter the way hospitals and doctors are remunerated.

Moderates, including Bush administration officials, favour incremental reform: voluntary extension of employer schemes, gradual enlargement of public programmes for the poor and limited regulation to restrain costs. This strategy is politically feasible but is otherwise pure escapism. A decade of incrementalism has done nothing to curb cost inflation. With premiums still rocketing, the number of people covered by employer schemes is likely *to fall not rise*.

So what is to be done? The least bad option, Mr Aaron argues, is a variant of the "play or pay" proposals recently put forward by congressional Democrats. Employers must be given a stark choice: either provide basic health care for employees or pay a new payroll tax to finance an expansion of public safety-net programmes. Though the reform would cause modest increases in unemployment, Mr Aaron's point is that a mandatory extension of employer schemes is the only credible way forward given the scale of investment in the current system.

"Play or pay", however, would do little or nothing to control costs. Mr Aaron therefore proposes a crucial additional reform: the creation of regional "financial agents" who would act as intermediaries between private insurers and the providers of care. These quasi-independent regulatory agencies would act as "single purchasers" of care, enforcing local budget constraints on hospitals and regulating physicians' fees.

Private insurers would continue to market insurance to businesses. But they would have to compete on the basis of quality of service rather than premiums which would be regulated. An annual limit would be placed on the level of tax-relieved insurance that could be offered by private insurers, with financial agents picking up the tab for chronically expensive episodes of care.

The beauty of Mr Aaron's scheme is that it would achieve universal coverage and a much greater degree of cost control without unduly disrupting present institutional arrangements or prejudging the ultimate direction of US health care reform. In the short run the huge private insurance industry would still play an important role. But if the cap on private insurance cover were *not* raised in line with inflation, its market share would gradually erode. The scheme thus could (but need not) provide a backdoor route to a Canadian-style system.

Conservative analysts will dislike Mr Aaron's conclusions. But his logic is hard to fault.

Michael Prowse

LETTERS

Ambiguity of 'an ever closer union' in EC

From Malise Graham.

Sir, The ambiguity in the Treaty of Rome, of the phrase "an ever closer union", to which Edward Mortimer rightly draws attention (Foreign Affairs, July 3), evidently derives from misinterpretation of the United States Constitution.

The preamble reads: "We the people of the United States, in order to form a more perfect Union...do ordain and establish the Constitution"...

It was a pragmatic not a rhetorical statement, meaning a more effective union than that achieved under the Articles of Confederation (1771).

Under these was no national government but a body of 13 separate sovereign states – no president, no cabinet, no executives, no *courts of justice, no* defence force, no taxing power, no currency.

The misunderstanding is widespread, epitomised by Roy Hattersley's view of the US constitutional authority as depending on "mystery and magic". If the EC fails to implement "a more perfect union" it will be marginalised in the new world order.

Economically the EC cannot afford the luxury of multiple currencies, essential profits themselves being marginal. However, a single currency does not necessitate an unaccountable central bank.

Malise Graham,
40 Morris Road,
Lewes, Sussex

Long-term is outside Stock Exchange

From Mr David W Diehl.

Sir, I wonder whether the interests of the City and business are reconcilable and whether the two can, as Alan Clements hopes (Management, July 22), actually work together.

Economies – primarily those of the US and the UK – where more than 75 per cent of gross national product is produced by publicly-quoted companies, appear to be suffering at the hands of economies like Germany's and other continental countries' where the bulk of industry is controlled by privately-held companies or where, as in Japan, the banks and the state are the true providers of long-term working capital.

In the UK and the US quoted companies are largely forced to produce short-term results to keep investors happy and do so at the expense of competitive pricing; long-term strategic *planning; investment in* research and development and new plant and equipment.

In Germany, a company making £10m pre-tax profit will pay the principal shareholder, say, £1m and then plough as much as possible of the remainder back into planning, R&D and new plant.

The real answer to the problem posed by Alan Clements is that the UK and US will only regain their international competitiveness when companies abandon the stock exchange as their means of raising capital. They would either have to become wholly private or see that only a minority of shares was actually traded – and then look for imaginative banks or assurance companies to provide long-term capital.

If British and US companies cannot find such backers in their own country, they might well *consider seeking* the means to link up with overseas backers which have seen the companies they invest in become the chief international traders of the world. There might, at any rate, be a lot to be said for British companies' shifting the focus of their operations *away from Britain's* stop-go economy to the Continent itself. In this way they would truly become part of this exciting trading bloc. It is unlikely that British institutional investors will ever allow the companies in which they have holdings to take the long-term view required to be a true European player.

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Lloyd's Name responds on the question of losses

From Mr Paul Duffy.

Sir, References to me in Richard Gourlay's article "Lloyd's losers fight back: the Names who are refusing to suffer in silence" (June 29), astonished me for reasons which include the following:

1. I am not one of the Names who are contemplating legal action to recover underwriting losses;

2. I did not receive details of the syndicates on which I participate "after a trip to Cowes and a second visit to the yacht at St Katherine's docks in the City". These experiences relate to an unsuccessful approach made to me in 1987 by a Lloyd's members' agent other than my own;

3. My first losses notified this year are comparatively small and did not force me to take a job editing an insurance magazine. In fact, I have been editor of the Kluwer loose-leaf books for insurance practitioners since 1989. Anticipation of further losses in respect of the 1989 and 1990 years of account has led me to take steps to increase my income;

4. Although, like every other Name, I am in the business in the hope of making a profit, nobody promised that I would do so;

5. I cannot now remember what I may have been told in 1987 about US long-tail liability and I am therefore not able to say that it was never mentioned to me.

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Compensation for BCCI sterling deposit holders only is unjust

From Dr S Joshi.

Sir, The scene created by the Bank of England taking a hasty and unjust decision to close down the Bank of Credit and Commerce International is one of people, working hard abroad in the UK to save money for the future of their children, being punished for no wrongdoings of their own.

The Bank failed to do its duty of monitoring the banking system by ignoring warning after warning for many years and then taking a decision that put thousands of innocent depositors' savings at risk.

How could it be justified in its actions? And, as if this were nothing, it is now offering a meagre sum in the deposit protection scheme to sterling depositors only. All depositors, whether they hold sterling or US dollar accounts, should be treated equally. An example for this is the Isle of Man Deposit Protection Board which has announced equal coverage for any currency deposits.

After all, savings are just savings, whatever the currency they are in.

S N Joshi,
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Beware the recommendation trap

From Ms Susan Corby.

Sir, Charles Batchelor's advice to employers on recruitment ("Avoid job descriptions that only attract Superman", July 23) seems to have paid no regard to the Sex Discrimination and Race Relations Acts. He says "personal recommen*dations by existing staff* are an often neglected means of recruitment", but the codes of practice issued under the acts specifically warn against this.

He also says the candidate profile should include a section on personality but attempts by interviewers to gauge personality can be a *potential* source of discrimination against women and ethnic minorities. Instead, interviewers should be advised *to use more objective* measures, such as skills and experience.

Finally, he describes an interview conducted by one person but the race relations code says: "Wherever possible, shortlisting and interviewing should not be done by one person alone."

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Fax service

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FINANCIAL TIMES

Thursday July 25 1991

China-US trade links face shake-up

Beijing's relations with the US will be affected in the long-term, writes Nancy Dunne

While US legislation imposing strict conditions on China's Most Favoured Nation trade status almost certainly will not become law, Washington's trading relations with Beijing are due for a change.

A 55-44 vote in the US Senate late on Tuesday night in support of the legislation fell well short of the 67 needed by the Democratic majority to override a certain veto by President George Bush, allowing the White House to claim a victory of sorts.

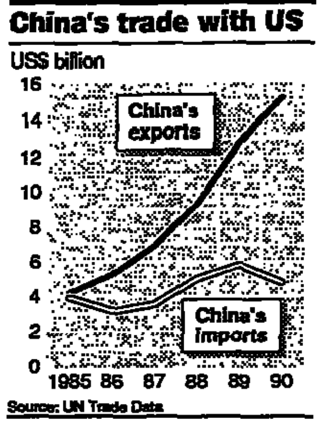
But Senator George Mitchell, the Democratic majority leader, could also claim success. While acknowledging he was unlikely to overcome a veto, "Congress," he noted, "has decisively repudiated the president's policy on China".

As a result of the debate leading to the vote, the president will have to take a harder line towards China, Beijing will have to show flexibility, or the two nations' trade relationship will show severe strains.

The vote also means that once again the US government will not act because of deadlock between the Republican president and the Democratic Congress. In this instance the tough-talking president also suffered a severe public relations defeat; a majority in both Houses successfully portrayed his China policy as one of appeasement.

The two bills emerged from the House and Senate laden with a congressional wish-list for changes in Chinese behaviour. The few differences between the two bills have still to be ironed out in a conference, most probably in September. An attempt will be made to drop the most objectable provisions in order to attract wider support.

China's trade with US



Source: UN Trade Data

The final bill will extend for another year China's MFN status – which gives its products the lowest possible duties – but it will place conditions on its renewal after that. These are likely to include a prohibition on missile technology sales to "outlaw" nations; demands for "reasonable progress" on human rights and market access; a ban on exports of goods produced by prisoners; and possibly a provision added on Tuesday in the Senate calling on the president to urge other leading trading nations to follow the US lead.

Once he receives the final bill, the president will have 10 days to issue his veto. Congress will then proceed to try to override him with a two-thirds majority in both houses. Unless China commits some fresh outrage, the votes will not be there for the Senate override. However the final vote goes, US-Chinese trade relations will alter.

The debate provided Congress with the opportunity to indict China for a long list of grievances. Senator Mitchell, who has admitted to presidential ambitions for 1996, personally led the fight, pulling together conservative anti-communist Republicans, liberal human rights advocates, and most of his Democratic colleagues. He argued that China has engaged in "systematic cheating" in its trade relations, but that its behaviour can be changed, with the US market – its largest – at stake.

Senator Lloyd Bentsen, chairman of the finance committee, has often joined with the president on trade issues. But in this case he sided with the majority leader. He argued China could become another Japan, exporting cheap goods to the rest of the world while protecting its domestic market behind an impenetrable web of duties, licensing requirements and other trade barriers.

The president managed to hold more than the 34 senators he needs to sustain a veto by promising to address congressional concerns. The vote could also give him some leverage with Beijing in the way the 1988 trade law gave him backing to demand changes from Japan and other partners.

In a letter to 15 senators of both parties who voted with him, the president promised to impose sanctions if Beijing does not protect intellectual property rights, support Taiwan's membership to the Gatt, and strictly monitor goods thought to be produced by prison labourers.

"Additional charges" will be forthcoming, he said, for illegal textile shipments made by China through third countries. "No further licences of high-speed computers and no further exports of satellites to China will be authorised until our concerns that China adhere to accepted international non-proliferation standards are satisfactorily addressed."

The president will soon have an opportunity to demonstrate his intent; market access talks are scheduled with senior Chinese trade officials next month. Mr Bush promised the senators that the administration will "self-initiate" a Section 301 trade action against China if the talks fail to produce results. Section 301 provides for a period of negotiations to be followed by US sanctions if market access is not granted.

At risk for China is up to $15bn in exports of textiles, apparel, footwear and other consumer goods. On the other hand, the nation has been for the last three years the largest US grain market, paying $497m in 1990 for US wheat.

CHINA expressed its gratitude yesterday to US president George Bush in anticipation that he will again rescue China's "most favoured nation" trade status by vetoing tough conditions imposed by the Senate, agencies report from Beijing.

However, it criticised the Senate's decision as interference in Chinese internal affairs.

With renewal of the status likely, Ye Rugen, a spokesman for the Ministry of Foreign Economic Relations and trade, said: "We have time and again welcomed Mr Bush's wise policy concerning extension of unconditional MFN status to China. It will be conducive to bilateral economic and trade relations." The Foreign Ministry described the Senate vote as "interference" in China's internal affairs. He said he was delighted that the majority in favour of conditions was not enough to ensure the measure's eventual passage. "We note that more and more congressmen are regarding the general situation of Sino-US relations as a priority and advocate unconditional extension of MFN."

In Hong Kong, trade officials and businessmen welcomed the vote that virtually assures the continuation of China's MFN status.

But Mr Frank Martin, American Chamber of Commerce executive director, cautioned: "The US administration can be expected vigorously to press China about unfair trading practices, proliferation of missile technology and human rights."

Gorbachev says new union treaty agreed

By John Lloyd in Moscow

PRESIDENT Mikhail Gorbachev said yesterday that a new treaty to regulate relations between the Soviet Union and its republics had been agreed, even though the crucial issue of a federal tax had still not been resolved.

Speaking after a 12-hour session of the Federation Council, comprising representatives of the republics and Soviet government leaders, the president said the treaty was "open for signing" by all 15 republics, both those whose leaders have taken part in drawing it up and those who have boycotted the treaty negotiation process.

The announcement, on the eve of the two-day communist party central committee plenum, repeats Mr Gorbachev's tactic of achieving apparent harmony among the republics immediately before he faces a rough ride from party hardliners.

He preceded the last central committee plenum in April with the signature of the "nine plus one" agreement with republican leaders, ending a period of confrontation, especially with Mr Boris Yeltsin, the Russian president.

The federal tax question, the main stumbling block to signature of the treaty, was put to one side, although Mr Gorbachev said it would be settled within 24 hours of the end of the Federation Council meeting in discussions between Mr Yeltsin, Mr Valentin Pavlov, the Soviet prime minister, and Mr Anatoly Lukyanov, chairman of the Supreme Soviet.

The president claimed that all republics agreed on the need for a federal tax in order that the union would have the same rights to raise taxes as its constituent republics. He indicated that the argument centred on the size of the fixed percentage of tax revenue to go to the centre, and on verification procedures to monitor how it is spent.

He also said the problems of the banking system – where republic banks issue uncontrolled credits to local enterprises – were discussed, and that republic's finance ministers agreed on the need to cut budget deficits and to submit to the overall authority on monetary matters of the Soviet State Bank – whose board is to be restructured to contain representatives from the republican central banks.

The meeting was attended for the first time by Mr Levan Ter-Petrosian, president of Armenia – a republic which has claimed independence from the union and has until now not taken part in the treaty negotiations.

Asked if the "nine plus one" group should be renamed the "ten plus one", Mr Gorbachev said that would be premature. But the presence of the Armenian president "testifies that the positive process goes on".

The tactic of "leaving the treaty open" means that the representatives of the republics yesterday only initialled the document, leaving its drafters to incorporate last-minute revisions and produce a text which would then be finally approved by the republican parliaments.

Mr Gorbachev knows that, besides the nine republics of Russia, Ukraine, Belorussia, Azerbaijan, Kazakhstan, Kirgizia, Turkmenistan, Uzbekistan and Tajikistan, the republics of Armenia and Moldavia may also be persuaded to sign in the near future.

Georgia, with the Baltic states of Estonia, Latvia and Lithuania, is seen as having made its decisions for independence – though some believe that financial hardship may force a revision of view.

Editorial Comment, Page 12

Brussels fines Tetra Pak Ecu75m

By Andrew Hill in Brussels and John Thornhill in London

TETRA PAK, the Swiss-based liquid packaging group, has been fined a record Ecu75m ($87m) by the European Commission after a lengthy investigation uncovered widespread abuse of its dominant position in the EC market.

The private company, founded and owned by the wealthy Swedish Rausing family, immediately announced it would appeal against the decision in the European Court of Justice and said the fine was "totally unacceptable".

The group vehemently denied the charges levelled at it in a Commission statement, which listed about a dozen specific instances of restrictive practice and predatory pricing. Mr Jorgen Haglind, Tetra Pak's information director, said: "Some of these items may be correct; some may not. But you should keep in mind that these are contracts which have been signed by our customers, and the customers are not stupid."

The Commission statement said that "Tetra Pak has carried out a deliberate policy aiming to eliminate actual or potential competitors ... in persistent breach of the Treaty of Rome."

The original complaint about Tetra Pak's abuse of its dominant position was brought by its Norwegian competitor Elopak, which had to close down a new plant in Italy because of Tetra Pak's alleged predatory pricing policy.

But Elopak said yesterday that the Commission's enquiry had far exceeded the scope of its original complaint which was lodged in 1983.

Tetra Pak yesterday agreed with the Commission that it had a "near-monopoly of the Community market for aseptic liquid packaging". The Swiss company, whose founder invented the tetrahedron liquid carton, claims a 90 per cent market share but believes it should be assessed against the wider market for all liquid foods. "That is the principal reason why we're appealing," said Mr Haglind.

Earlier this week Brussels formally approved Tetra Pak's agreed bid for Alfa-Laval, the Swedish dairy and food processing equipment company.

Sir Leon Brittan, the EC competition commissioner said the two cases had been considered completely separately.

Swiss precision, Page 2

Big UK banks urged to help smaller ones

By Tracy Corrigan and Norma Cohen in London

THE BANK of England is acting to head off a potential liquidity crisis by quietly encouraging Britain's biggest banks to pass on surplus cash to smaller institutions which may be facing heavy deposit withdrawals.

Local authorities, which face losses of around £70m ($117m) from the closure of Bank of Credit and Commerce International, have become concerned about the credit quality of smaller financial institutions.

A Bank of England official said yesterday: "We are aware of nervousness in the wholesale money markets. We want to ensure that any risk of contagion is limited."

The Bank has stopped short of reassuring banks that it will stand behind any particular institution. However, it believes that it can avert a liquidity crisis by encouraging large banks to siphon off excess funds to smaller institutions.

Some local authorities said they were finding it hard to place their surplus cash, because they had restricted placement of deposits to the top banks and the largest 10 to 20 building societies, as well as other councils.

However, smaller banks may be somewhat buttressed against the loss of funding from local authorities because they had foreseen liquidity problems. The collapse of two small banks earlier this year had alerted them to a potential crisis of confidence, and several institutions had secured committed banking facilities.

This flight to quality may prove very profitable for the large UK clearing banks, allowing them to earn more interest on loans to secondary institutions, and increase their market share in deposits. Traders at one UK clearing bank reported a significant influx of funds in recent days. The leading banks may be able to shave their interest rates, increasing their competitive advantage over smaller banks.

Meanwhile, money brokers which acted as intermediaries in the sterling money market between BCCI and local authorities are being boycotted by some disgruntled councils.

RP Martin, Tullet & Tokyo, Fulton Prebon and Eurobrokers, the four brokers known to have acted as intermediaries between BCCI and local authorities, are all believed to be suffering from some decline in business.

One council said it was trying to avoid using brokers altogether, by calling banks directly, which may involve accepting lower rates. Other local authorities said they were shifting business to other brokers which had not dealt with BCCI.

The BCCI shutdown, Page 6

UK travel industry faces shake-up

By David Churchill in London

THE UK travel industry is facing its biggest shake-up for nearly two decades under government proposals that would bring the UK into line with other EC countries when the EC directive on package travel is fully implemented next year.

One move is to make it mandatory for all package tour companies which offer pre-arranged package holidays to be licensed by a new statutory licensing authority.

Under the proposals put forward yesterday by Mr Peter Lilley, trade and industry secretary, failure by either tour operator or retailer to provide full details of travel arrangements to the traveller or publication of misleading brochures would become criminal offences.

Any surcharges imposed within 20 days of travel would also enable travellers to back out of the trip without penalty.

The main impact of the new licensing system will be to bring under the consumer protection net all package travel arrangements made by ferry, coach or train not covered by the existing protection for charter air holidaymakers.

Although the proposals are mainly aimed at giving greater protection to package holidaymakers, the new regulations could also cover some pre-arranged business travel, such as conference and incentive travel when sold as a package by an operator.

Travel trade officials said last night that the new system seemed to have some loopholes which needed clarification before regulations are finally drawn up after the September 30 deadline for consultation.

In particular, the government is undecided about whether the Civil Aviation Authority, which already licenses tour operators who provide charter package flights, should take on the extra role of licensing all tour operators.

Operators would have to provide a bond of at least 10 or 15 per cent of annual turnover to cover potential insolvency, and the government proposes that a back-up fund is established by a levy on licensees.

Mr Lilley said that the Association of British Travel Agents, which has become a guarantor of consumer protection for all holidays sold by its members in recent years, could not become the new licensing authority as it was not a statutory body. However Abta, which generally welcomed the government's proposals, said it was willing to take on the job of administering travel bonds for the Civil Aviation Authority and repatriating any holidaymakers stranded abroad.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Berlin	S	29	84	Caracas	C	29	84	Faro	S	30	86	Islamabad	F	33	91
Algiers	S	33	91	Biarritz	C	21	70	Casablanca		–	–	Florence	S	33	91	Istanbul	F	27	81
Amsterdam	R	14	57	Bombay	F	29	84	Chicago	F	18	64	Frankfurt	C	20	68	Jakarta	C	32	90
Athens	S	32	90	Bordeaux	C	22	72	Cologne	R	19	66	Geneva	C	23	73	Jersey	C	17	63
Bahrain	S	37	99	Boulogne	C	17	63	Copenhagen	F	20	68	Gibraltar	S	32	90	Johannesburg	S	19	66
Bangkok	C	34	93	Brussels	C	17	63	Corfu	S	33	91	Glasgow	F	20	68	Lima	C	18	64
Barcelona	S	29	84	Budapest	S	29	84	Dallas	S	24	75	Helsinki	F	21	70	Lisbon	S	24	75
Beirut		–	–	Buenos Aires	F	13	55	Dublin	F	17	63	Hong Kong	R	26	79	London	F	18	64
Belfast	C	14	57	Cairo	S	33	91	Dubrovnik	S	28	82	Innsbruck	F	25	77	Los Angeles	C	18	64
Belgrade	S	28	82	Cape Town	R	14	57	Edinburgh	S	18	64	Inverness	C	15	59	Luxembourg	R	17	63

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	26	79	Milan	S	29	84	Nicosia	S	29	84	Salzburg	F	25	77	Tenerife	F	26	79
Madrid	S	32	90	Montreal	S	19	66	Oporto	S	22	72	San Francisco	C	14	57	Tokyo	C	35	95
Majorca	S	31	88	Moscow	R	15	59	Oslo	F	19	66	Seoul	R	25	77	Toronto	S	18	64
Malaga	S	26	79	Munich	F	27	81	Paris	C	21	70	Singapore	F	31	88	Tunis	S	33	91
Malta	S	32	90	Nairobi	C	21	70	Peking	C	32	90	Stockholm	F	23	73	Valencia	S	31	88
Manchester	C	16	61	Naples	F	29	84	Prague	S	27	81	Strasbourg	F	21	70	Venice	S	29	84
Manila	R	30	86	Nassau	C	33	91	Reykjavik	R	12	54	Sydney	S	14	57	Vienna	F	26	79
Melbourne	C	11	52	New Delhi	F	34	93	Rhodes	S	29	84	Taipei	F	34	93	Warsaw	F	22	72
Mexico City	C	25	77	New York	S	23	73	Rio de Janeiro	S	29	85	Tangier		–	–	Washington	S	27	81
Miami	S	27	81	Nice	S	29	84	Rome	S	29	84	Tel Aviv	F	29	84	Zurich	C	17	63

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

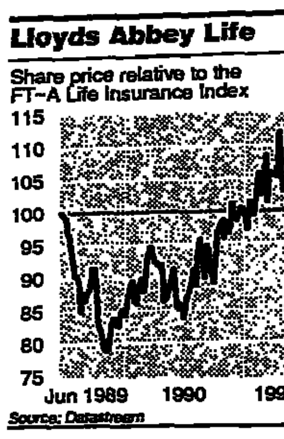
THE LEX COLUMN

Abbey rings the changes

FT-SE Index: 2,580.5 (-7.4)

Lloyds Abbey Life

Share price relative to the FT-A Life Insurance Index



Source: Datastream

News of Mr Michael Hepher's dramatic move to the number two slot at British Telecom is certainly a shot in the arm for the UK's much-maligned actuarial profession. The more substantive issue for the market, though, must be the size of the gap he leaves behind at Lloyds Abbey Life. The remarkably sanguine view taken by investors yesterday owed much to an impressive set of half-year figures, a conveniently unexpected boost to the interim dividend and palpable relief that no sinister reasons for Mr Hepher's abrupt departure could be found. It will hardly be surprising, though, if the company's rating comes under pressure in the short term as shareholders assess the depth of the team he leaves behind.

There was little opportunity for that yesterday, as Mr Hepher – in the guise of group managing director until September – once more demonstrated his rich talents as the company's best salesman. Notwithstanding predictably poor performances from Lloyds Bowmaker and the estate agency business, the results were a suitably eloquent commentary on the whole strategy of using a banking distribution network to sell insurance.

Mirror Group

The first results from the Mirror Group as a public company are genuinely impressive. To have increased circulation revenue by 7 per cent in the past six months is good going. To have held advertising revenue unchanged in the depths of a recession is nothing short of remarkable, as is the increase in operating margins from 20 per cent to 21 per cent. The fact that the group depends on a fairly stable circulation base for two-thirds of its revenue makes it less highly geared to the economic upturn, like the tabloid press in general; but at least it will enter the upturn at a higher level than the competition.

This raises afresh the question of whether the shares will ever be worth holding. The flotation has been one of the most spectacularly poor investments of recent years, underperforming the market by nearly a quarter in the first two months. This has resulted partly from recent reports of financial pressure on the majority owner, Mr Robert Maxwell, partly from the perhaps not unconnected fact that the issue was aggressively priced in the first place.

At yesterday's 102p – 11½p off the bottom, but 23p short of the flotation price – the shares yield around 9 per cent on a multiple of about 7.5. This may leave scope for short-term outperformance, such as has been occasionally characteristic of MGN's sister company, Maxwell Communication. By the same token, the shares lack appeal on a longer view. There is no denying Mr Maxwell's talent for wealth creation. The question is how far the benefits extend to his outside shareholders.

BT

By far the most important consequence of BT's agreement with Oftel is a macro-economic one. It gives a green light to the sale of the government's remaining stake in Britain's biggest company, thus offering the more certain prospect of a £10bn boost to public finances at a time when spending projections in the UK are starting to look particularly grim.

Not that anyone outside BT seriously expected the thorny issue of contributions by competitors to its local network deficit to be left to the Monopolies and Mergers Commission, thus scuppering the float. BT's Mr Vallance perhaps deserves an Oscar for maintaining his threat; but the deal now thrashed out with the regulator clearly demonstrates that there was always more to lose than to gain from such a drastic course. BT admittedly has won clarification on certain points – notably a more precise definition of the market shares required to trigger access payments from the likes of Mercury – and a more enthusiastic endorsement from the regulator than hitherto of the principle of rebalancing the charging structure. But in the main, Sir Bryan has stuck to his guns, even if the sums involved mean more to the amour propre of the BT board than to the share price.

UK economy

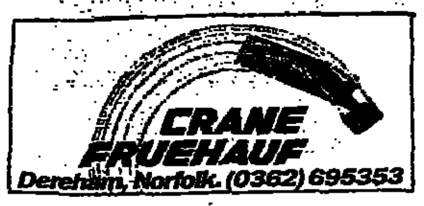
The latest quarterly survey from the British Chambers of Commerce comes festooned with dire warnings about the depth of recession and the rise in unemployment. Nevertheless, the survey data clearly support the general contention that the UK economy is past the worst. In both manufacturing and services, respondents are more sanguine about domestic deliveries, exports, employment prospects and investment than three months ago. As for profitability, the balance of manufacturers now look for an improvement in the forthcoming quarter for the first time in a year.

The survey also provides evidence to challenge the assumption that this is primarily a services recession. The worst-hit area still seems to be London and the south-east, which may well cloud the perceptions of the equity market. But overall, the service sector remains a good deal more optimistic than the manufacturers. Perhaps it is among small service companies that the market should be hunting for bargains.

Lasmo

It is hardly surprising that the market was disappointed by Lasmo's interim figures. Sales were depressed by the Indonesian government's take and by adverse stock movements over the period. Two-thirds of post-tax profit came from non-oil and not necessarily recurring items, notably interest income and a tax rebate linked to spending in the North Sea, thus raising the suspicion that Lasmo is better at financial than underwater engineering at the moment. Expectations of good news on the exploration front and a dividend increase to match the company's own self-confidence were not in the end forthcoming.

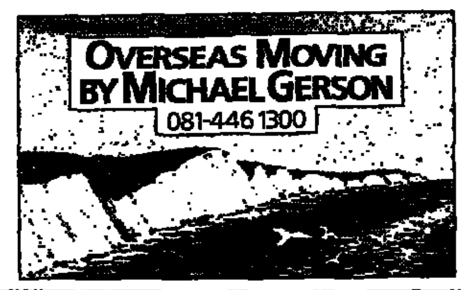
The minutiae of the numbers, however, are not really relevant in assessing the shares. At 348p, down 12p yesterday, they do not look that dear in relation to estimates of net asset value. The challenge for the company, though, is to convince sceptics that it remains a growth stock, and to limit the temptation which Enterprise shareholders have been unable to resist to focus attention on earnings. Lasmo's global potential looks impressive, but a reminder that it can be realised is overdue.



FINANCIAL TIMES

COMPANIES & MARKETS

Thursday July 25 1991



Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
BMW	505.5	+	8.5	Chargeurs	772	+	24
Verein-West	825	+	8.5	Imetal	264	+	14
Falls				SILIC	592	+	17
Asko	874	−	9	Ski Rossignol	685	+	20
DLW	588	−	8	**Falls**			
Kaufhof	450.5	−	11.5	Cetelem	703	−	27
Springer Axel	810	−	8	Poliet	413	−	11
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Bankers Tst.	57⅞	+	1⅞	Honshu Chem	1090	+	100
Philip Morris	66½	+	⅞	Oikura Elec	1190	+	120
Falls				Shochiku	1670	+	130
Avon Prods.	44⅜	−	3¼	Toyo Suisan	1320	+	100
McDnl Douglas	51¼	−	1⅞	**Falls**			
Nabisco (RJ)	11⅛	−	⅛	Marantz Japan	1130	−	70
Pansophic	8¾	−	2¼	Tokai Kogyo	1200	−	80

New York prices at 12.30.

LONDON (Pence)							
Rises				**Falls**			
AIM	110	+	11	Calor	214	−	8
Airtours	535	+	26	Cater Allen	325	−	29
Evode	55	+	5	Drayton Cons	258	−	10
Fairey	275	+	10	Drayton English	84	−	11
Helical Bar	144	+	14	Gestetner	139	−	11
Kwik-Fit	131	+	9	Hiclare	54	−	5
Lawrence (W)	41	+	6	LASMO	348	−	12
MEPC	490	+	20	Nat Home Loans	34	−	4
ML Labs	471	+	16	Stockdale	345	−	15
Mirror Group	102	+	5	Union Discount	302	−	120
Slough Ests	268	+	18				

Compaq drops 81% in quarter

By Martin Dickson in New York

COMPAQ COMPUTER, the US personal computer manufacturer which has enjoyed nine years of spectacular growth, yesterday showed it had succumbed to recession, price competition and upheaval in its American distributor network when it announced an 81 per cent drop in second-quarter net income.

The company made $20m, or 23 cents a share, compared with $104m, or $1.18 a share, in the same period of last year, while sales dipped 17 per cent to $718m.

Compaq's share price tumbled in May when the company warned that it expected second-quarter earnings per share to be less than 25 cents, so yesterday's statement had little effect on the market.

At midsession its stock stood at $32½, up $¾, on the New York Stock Exchange.

Compaq's heady growth since its foundation in 1982 had been due to concentration on technologically advanced IBM-compatible personal computers, which could command a premium price. However, over the past few months it has been hit by three problems.

First, it and market leader International Business Machines have had to slash prices of personal computers in an attempt to hold market share against manufacturers of much cheaper PC "clones".

Mr Joseph Canion, Compaq's chief executive, said yesterday that "the PC market in general remains very price competitive, which is having an adverse effect on revenues and profits".

Second, the company has been hurt by a wave of consolidation among large PC dealers in the US, involving eight of its top 10 distributors. It said yesterday that this had meant delays in products being reordered as the merged groups checked their combined stocks.

Third, in common with other US manufacturers Compaq has relied on the European market over the last year to offset sluggish US sales, but that market is softening.

The stronger dollar is also hitting reported foreign revenues.

Compaq's international unit sales were up in the quarter compared with the year-ago period, but the increase was offset by currency changes and price cuts, producing flat international revenues.

Mr Canion said: "A continuation of these trends, together with any greater strength of the US dollar and the typical seasonal softness in Europe in the third quarter, would cause third-quarter results to be less than those for the second quarter."

For the six months, net income totalled $135m, or $1.49 a share, against $196m, or $2.23 a share, in the same period of 1990. Sales were unchanged at $1.7bn.

Abbey National is set to star in UK banking, writes **David Barchard**

A shining light in a gloomy environment

THERE IS going to be blood on the floor and those who are about to spill it are in a grim mood. On Friday, Lloyds Bank will announce its half-year results. The three other "Big Four" UK banks, as well as Abbey National, follow next week. Even by the gloomy standards the banks have set in the last few years, the 1991 half-year figures are likely to make depressing reading for their shareholders as UK bad debt provisions drive pre-tax profits down to levels well below those of a year ago. All four clearing banks put together are unlikely to match Barclays £602m ($1bn) pre-tax profits at the interim in 1990.

According to some forecasts, they may not even manage to match the £408m achieved by Lloyds at the half-year in 1990. Most galling of all, Abbey National, the building society which converted into a retail bank two years ago, looks poised to outstrip the profits of all Big Four clearers with £303m, even though it is a much smaller institution.

This time it is not Third World debts but the recession in the UK economy which is responsible for the sector's poor showing. Although there will not be huge plunges into the red and only Midland is in danger of declaring a pre-tax loss, the underlying performance of the banks will be seen to have worsened.

TSB, the only large UK banking group so far to announce its half-year results, made a loss of £150m, compared with pre-tax profits of £175m a year earlier, after Hill Samuel, its corporate finance and merchant banking arm, made provisions of £344m against corporate debts.

TSB has sometimes pointed up trends for the rest of the sector, but stockbroker analysts generally believe that its disastrous experience this year is prompted by mistakes at Hill Samuel and is not entirely typical.

In the late 1980s, the banks' lending grew at record levels. In 1988, Barclays increased its loan book by more than 35 per cent. Now a fair proportion of its loans, and those of its competitors, are coming unstuck.

"The bulk of the lending provisions will be against bad debts of under £250,000," says Mr Julian Robins, banking analyst at Barclays de Zoete Wedd, the investment banking arm of the Barclays group. "There have not been many big corporate failures this year." With the downturn in the economy, there have been enough small failures to force provisions up dramatically. Last year, the Big Four put aside just under £1.5bn in provisions against bad debts. This year's figure is certain to be much higher. UBS Phillips & Drew, the London investment banking arm of Union Bank of Switzerland, estimates that it will be around £2.42bn, 62 per cent up overall.

Sir Peter, Midland's head, may have to cut dividend

Some banks, notably National Westminster, the second-largest clearer, may increase their bad debt charges by a much higher percentage. NatWest's increased charges reflect its particular problem of heavy losses in the US as a result of property loans by its US subsidiary NatWest Bancorp which cost it around £100m in the first half of the year.

The depressing thing about these increased debt charges is that they are unlikely to go away quickly, in spite of falling interest rates and an assured eventual recovery in the UK economy.

"Bad debt charges might remain over 1 per cent of advances for some time," says Mr Derek Chambers, banking analyst at Carr Kitcat & Aitken, the city stockbrokers. "Everybody has assumed that as soon as the economy picks up, they will fall away, but it could well take longer, and that will make a huge difference to the potential profits of the banks in the rest of the year and in 1992."

There is some good news to offset the bleak news of bad debts. The banks, especially Midland and Lloyds, should benefit from a continuing fall in their staff numbers this year of around 4-5 per cent and even if a profits bonanza is not to be expected from widening interest rate margins, spreads have undoubtedly improved. There should also be a substantial improvement in the banks' income from non-interest sources such as fees and commissions which – as the complaints of businesses attest – seem to have been soaring over the past six months.

"The banks have been making money on such things as the advice they give small businessmen on how to get out of the rut they have fallen into," says Mr Peter Toeman of UBS Phillips & Drew.

Midland Bank's results will be watched with special attention to see if it shows any signs of shaking off the malaise which has afflicted it for the past few years. It is expected to make a small loss, in spite of the receding consequences of its mistaken decision two years ago to position its treasury operations on the assumption that interest rates would fall, when they were in fact rising sharply.

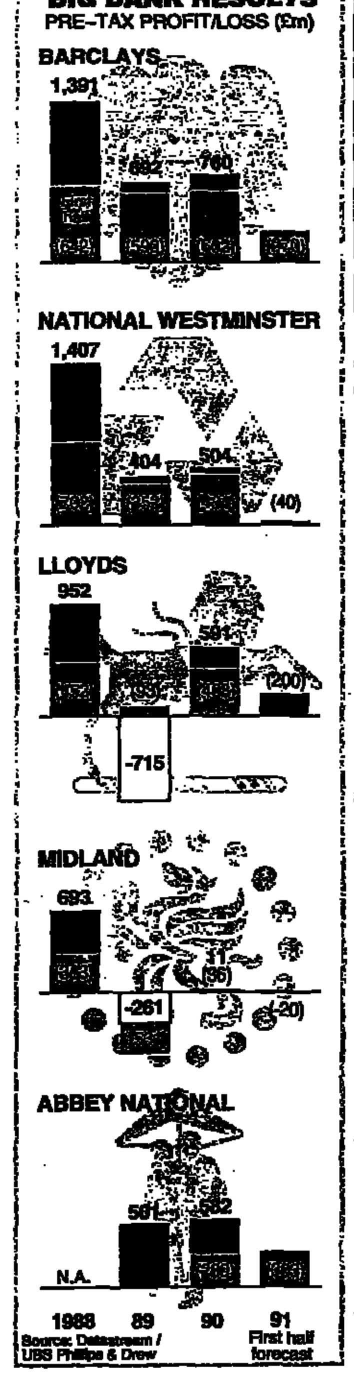
Midland has a new chairman, Sir Peter Walters, and a new chief executive, Mr Brian Pearse, and the City will be looking for some sort of signal about how they intend to steer the bank back into stronger profits growth and overcome the underlying problem of a weaker income stream than its competitors.

The new men at Midland may well have to cut the dividend, perhaps by as much as three quarters, allowing it to fall from 7.3p at the halfway point last year to 1.9p. They will also have to think about strengthening the bank's capital ratios. Even if they do not announce a rights issue this time around, one is probably on the way before very long.

"Midland may not expect their price to go any higher until one happens," says Mr Robins at BZW. The capital strength of other banks will be scrutinised to see if they too may need to resort to a cash call: NatWest appears to be the most likely candidate for one after Midland.

Anyone looking for a healthy increase in the dividend will probably have to turn to Abbey National which should be able to push its dividend up by 11 per cent to 3.5p. Because its business is concentrated in the mortgage sector, in which it has a century of experience, it is sheltered from the losses afflicting its rivals, although bad debt provisions may still reach £60m, a figure which Abbey National would have found traumatic a year or two. This year, will enable it to take a bow as the new star of the banking sector.

BIG BANK RESULTS
PRE-TAX PROFIT/LOSS (£m)



Source: Datastream / UBS Phillips & Drew

Siemens unveils 20% rise in orders

By David Goodhart in Bonn

SIEMENS, the German electrical and electronics group, yesterday announced an unexpectedly high 20 per cent order increase for the first nine months of the current financial year. Orders rose from DM51bn ($29bn) to DM61.3bn.

Net profits rose from DM1.14bn during the first nine months of last year to DM1.21bn in 1991. This confirmed expectations of a slight increase in earnings for the year ending September 30.

Domestic orders rose by 31 per cent – from DM20.8bn to DM27.2bn – and by 13 per cent abroad. The increase in orders has been significantly boosted by the consolidation of Siemens-Nixdorf and Plessey. Without consolidation, the order increase would have been just 12 per cent.

Domestic orders were boosted by demands from east Germany, especially from the Bundespost. East Germany accounted for DM2.4bn of the total new orders.

Despite these special factors, analysts were impressed with the rise in orders. Order estimates for the year have been revised upwards to DM80bn.

The rise in foreign orders was especially impressive at a time when many German capital goods producers were seeing a fall in sales abroad.

Foreign orders were boosted by a 39 per cent increase in transport equipment, a 33 per cent rise in telecommunications equipment, and a 27 per cent advance in power generation. Siemens recently announced a DM2.6bn order for a power plant in Iran.

Despite the rises in earnings, orders and sales, Mr Brian Wilkinson, an analyst with Paribas Capital Markets Group, warned of "clouds on the horizon for profits" – especially in view of the 15 per cent increase in personnel costs over the nine months.

The workforce rose from 373,000 to 407,000. He also said that Siemens-Nixdorf continues to be a problem. Siemens-Nixdorf losses for the year are expected to be about DM350m.

● The recent boom years for the German mechanical engineering sector appear to be over with a sudden increase in short-time working from virtually nothing to 40,000 in June.

The sector, which has recorded a 20 per cent sales increase in the past three years, has total annual sales of DM216bn and is the country's leading exporter.

Forecasts of a slight sales increase for the sector in the current year are now being revised downwards.

Takeover battle looms as ACM rejects A$210m bid

By Mark Westfield in Sydney and Kenneth Gooding in London

AUSTRALIAN Consolidated Minerals yesterday rejected a A$210m (US$162.8m) cash offer from Western Mining Corporation and the Normandy Poseidon group, setting the stage for a bitter takeover battle.

If successful, the bidders intend to split up ACM. Western Mining, Australia's second-largest mining company, would take ACM's world-class Mt Keith nickel project while Normandy would keep the Golden Grove base metals joint venture and other assets.

Analysts said the takeover bid would probably be a drawn-out affair and depended on the stamina of AFP, a Monaco-based group which owns 27 per cent of ACM. AFP said it did not intend to accept the offer, which is dependent on 90 per cent acceptance, at the present price.

The bidders are offering 90 cents for each ACM share, an 18 per cent premium on Tuesday's closing price of 76 cents. It is also 40 per cent above the average ACM price during the past three months.

ACM has been working towards developing the Mt Keith nickel project with Outokumpu, the state-owned Finnish metals group, and last night said agreement had been reached for the $350m project to go ahead. The project will add about 5 per cent to western world nickel capacity.

Outokumpu would pay about A$80m in cash to ACM for half the Mt Keith project land and to cover some expenses already incurred. A US$7.5m down payment had already been made. Outokumpu would be the biggest customer for Mt Keith's output and intends to market the rest.

The deal between ACM and Outokumpu over Mt Keith depends on the Foreign Investment Board giving its approval.

Apart from from the Mt Keith project, ACM owns 40 per cent of ACM Gold and its North Flinders gold mine in the Northern Territory; 45 per cent of the Golden Grove base metals joint venture in Western Australia; 75 per cent of Comada Energy, the oil concern; 34 per cent of Clutha Coal; and 19.9 per cent of Nicron Resources, the base metals miner.

This is Western Mining's second attempt to acquire ACM. In October, 1986, it bought a 19.9 per cent stake from Amax of the US and bid unsuccessfully before selling out at a profit.

Normandy Poseidon has substantial gold, diamond, industrial minerals and base metals assets in Australia. The group is sitting on A$300m in cash following the sale two weeks ago of an 11.6 per cent shareholding in the Newcrest Mining gold company.

Anglo American Corporation of South Africa has chosen Normandy to be its vehicle for expansion in Australia. Anglo American already owns 15.6 per cent and has FIB approval to lift its stake to 19.9 per cent.

UK telecoms sell-off cleared

By Hugo Dixon in London

THE UK government is moving full steam ahead with its planned privatisation of a second tranche of BT shares scheduled for November. This follows a deal drawn up yesterday between the company, formerly British Telecom, and Oftel, its regulator, on how the UK telecommunications market should be opened to competition.

Government ministers aim to announce plans for selling BT shares to the UK public through share shops, possibly as early as next week. Then the Treasury's "global bookrunner" scheme will be announced, under which the merchant bank S.G. Warburg will sell shares to institutional investors across the world.

Following the deal with Oftel, BT plans to announce next week details of price changes to come into effect in September. The company is expected to increase line rental charges by 8 per cent, cut international charges by 10 per cent and leave other call charges unchanged, said Mr Stephen Owen, an analyst at stockbroker James Capel.

Nine companies have applied to the Department of Trade and Industry for licences to compete with BT.

BT has failed to persuade Oftel to give the company greater freedom to increase its rental charges to bring them in line with costs. However, it is pressing to be allowed to put such charges up by 10 per cent a year in real terms when the issue is reviewed next year.

Under the deal between BT and Oftel, the regulatory body retains the power to waive payments from competitors to BT for use of the company's local network until competitors achieve a market share of 10 per cent each. A time limit of June 1997 has been set for expiry of this waiver.

Mr Iain Vallance, BT's chairman, who told shareholders last week that he would prefer to be investigated by the Monopolies and Mergers Commission than accept Oftel's proposals, denied that the deal was a climb-down.

Lex, Page 14; Hepher profile, Page 23

Exxon and Texaco lose momentum

By Karen Zagor in New York

THE pressure on refining and marketing operations in the oil industry in the second quarter was reflected in the results of Exxon and Texaco, two of the world's biggest integrated international oil companies. Both posted slimmer profits after an exceptionally robust first quarter.

Net income at Exxon, the world's biggest oil company, rose 2.7 per cent to $1.13bn, or 90 cents a share, from $1.1bn, or 87 cents, a year earlier. Revenues improved 4.5 per cent to $27.27bn from $26.09bn.

Mr Lawrence Rawl, chairman, attributed the improvement to higher natural gas sales volumes, refinery crude runs and petroleum product sales, combined with higher crude prices.

The company also benefited from lower financing costs as a result of reduced debt levels and interest rates.

Lower product margins were reflected in Exxon's earnings' from refining and marketing, which dropped 7.3 per cent to $532m in the quarter from $574m. Earning from US operations rose $37m to $113m while overseas earnings declined $79m to $419m.

Exxon's income from exploration and production operations increased $97m to $642m, with all of the improvement coming from the US, where earnings rose $98m to $179m. Foreign earnings were off $1m at $463m.

In the first half, Exxon's net income surged more than 40 per cent to $3.37bn, or $2.68 a share, from $2.38bn, or $1.88, the previous year. Revenues grew 9.8 per cent to $57.95bn from $52.8bn.

Texaco's second-quarter earnings were hurt more severely by the US recession's impact on demand for gasoline and other petroleum products during the period.

Texaco's second-quarter net income fell 23.8 per cent to $269m, or 94 cents a share, from $353m, or $1.26, a year earlier. Revenues rose to $9bn from $8.7bn.

Mr James Kinnear, president and chief executive, said margins in the west coast of the US were particularly hard hit in the quarter.

He expects the soft market conditions to continue into the third quarter.

ITT posts drop in net income to $206m

By Martin Dickson in New York

ITT, the US conglomerate whose chairman has become a lightning rod for criticism of high executive pay, has reported a drop in second-quarter net income, which it blamed on recession in the US and Europe.

The company reported net income of $206m, or $1.53 a share fully diluted, on sales little changed at $5.1bn. In the second quarter of last year, it produced net income of $397m, or $2.80 a share, but that was helped by a $139m after-tax gain on the sale of 7 per cent of Alcatel, the leading telecommunications equipment company, in which it retains a 30 per cent stake.

Mr Rand Araskog, ITT's chairman, said the recessionary environment had affected a number of sectors in which the group had significant interests, such as automotive components, forest products, financial services and the hotel business.

However, ITT Hartford, the company's highly-regarded insurance unit, had significantly better figures, reflecting improved operating results in the domestic casualty business and higher net investment income.

The company's Sheraton hotel chain produced lower operating results. Occupancy levels improved over the first quarter, when the Gulf war hit the travel industry, but were still below the comparable 1990 quarter in key markets.

The electronic components and defence businesses produced better figures but automotive and forest products' income declined sharply.

Mr Araskog had to answer hostile questions from shareholders at the company's annual meeting in May over the $11m compensation he received last year, when the company's profits rose only 4 per cent. At that meeting, he forecast stronger operating profits in 1991, but he made no comment on the outlook for the full year.

JCI lifts mining profits by 33% and imposes pay deal

By Philip Gawith in Johannesburg

A BIG turnaround in performance at the Joel mine helped the gold mines managed by the Johannesburg Consolidated Investment (JCI) group record a 33 per cent increase in after-tax profit in the June quarter.

In spite of this success, the group's three mines remain under pressure, hence yesterday's announcement of an unprecedented productivity and profits-related pay deal within the group.

Under the terms of the deal, which covers about 85 per cent of the group's 23,000 workers, a wage increase of only 5 per cent, well below inflation, has been imposed. However, bonuses of a further 19 per cent can be earned under two bonus schemes, one pegged to improvements in the gold price and the other to progress in reducing costs per kg of gold produced.

Mr Kennedy Maxwell, chairman of the gold and uranium division, said the terms of the pay deal were a response to exceptional circumstances and would only apply for a year.

The deal has apparently been well received by the workforce, who are afraid of losing their jobs. This deal has been struck outside of the main industry because National Union of Mineworkers (NUM) membership in JCI mines is too low for them to be entitled to recognition.

On the production side, the group enjoyed a good quarter. Randfontein, the group's main producer, maintained gold production at 6,963kg, with unit costs rising only 1.3 per cent to R28,570 per kg produced, and revenues 2.8 per cent up at R32,781 per kg. A big jump in the tax bill cut after-tax profit by 11 per cent to R27.7m ($9.6m).

Western Areas increased profits by 36 per cent to R9.06m, mainly on account of a turnaround in its interest bill, while Joel returned a R2.5m profit following R8.3m losses last quarter.

This is the first profit the mine has shown since starting production in 1988. It is the result of a 33 per cent increase in the amount of gold produced to 1,303kg, significantly improved grades, a better price and lower costs.

Wall Street unimpressed by Avon's 10% gain

By Karen Zagor in New York

AVON Products, one of the world's biggest manufacturers of cosmetics and toiletries, yesterday turned in a 10 per cent increase in second-quarter net earnings on sales that rose 4 per cent.

Net income in the three months ended June 30 was $52.1m on sales of $828.9m, against $38.5m on sales of $793.3m in the 1990 second quarter.

Primary per-share earnings edged higher to 69 cents from 68 cents. The company said primary earnings per share were reduced by the conversion of 18m preferred shares into about 13m common shares in June.

Fully-diluted earnings per share rose 12 per cent to 73 cents from 65 cents.

Wall Street registered its dissatisfaction with the figures by marking Avon's stock $3⅜ lower at $44¼ at mid-day.

Ms Diana Temple, an analyst at Salomon Brothers, attributed the stock's decline to Wall Street's focus on primary earnings per share instead of fully-diluted earnings. Although US sales were weaker than expected, Ms Temple has not changed her 1991 earnings estimates of $2.85 a share for Avon.

Mr James Preston, chairman and chief executive, said strong international sales more than offset softness in the recessionary US market.

"We saw a modest improvement in US performance towards the end of the second quarter, and if current trends continue, US revenues will match or exceed the third quarter last year."

International sales rose 13 per cent in the second quarter while US sales slid 8 per cent.

RJR Nabisco profits hit $79m

By Nikki Tait in New York

RJR NABISCO, the tobacco and food group which was subject to the biggest leveraged buyout in the US two years ago, yesterday reported an after-tax profit of $79m in the second quarter of 1991, compared with a $106m loss in the same period a year earlier. RJR returned to a much smaller "token" profit in the first quarter of the current year.

The improvement, however, was largely due to reduced interest charges and an operating profit improvement on the food side.

The huge tobacco business saw profits which were largely static overall – although this masked strong growth in international operations, offset by lower volumes and increased marketing expenditures for RJR's domestic tobacco.

The company's common stock fell by ⅜ to $11⅛ on the news, but the bonds generally rose.

RJR saw total operating income increase by 5 per cent, from $735m to $773m, while net sales rose by 9 per cent to $3.78bn. Within these figures, the profits contribution from food (before the amortisation of goodwill and trademarks) increased to $226m ($199m) on sales of $1.57bn ($1.44bn), while the tobacco division reported $728m ($718m) on sales of $2.21bn ($1.02bn).

RJR claimed both domestic markets had been "intensely competitive and clearly affected by competition", and it warned that it expected this state of affairs to continue for the rest of the year.

On the tobacco side, however, the international operations – which saw a 28 per cent sales advance and a 29 per cent increase in business unit contribution – cushioned the impact.

Net sales for domestic tobacco were 3 per cent higher, helped by price increases, but business unit contribution fell three per cent as marketing costs rose.

Total interest expenses fell sharply, however, from $770m to $541m. The highly-leveraged company has been steadily refinancing its debts and expanding its equity base. RJR said that its debt to total equity ratio had improved to 2.7-to-1, from 4.4-to-1 at the end of 1990.

Du Pont slides 21% to $549m

DU PONT, the largest US chemicals company, yesterday announced second-quarter earnings of $549m, or 81 cents a share, down 21 per cent from $694m, or $1.02, for the same period last year.

Mr Edgar Woolard, Du Pont's chairman, said although petroleum earnings were up 38 per cent from last year and there were signs of recovery in its US fibre businesses, the impact of continuing weakness in key markets depressed second-quarter earnings.

Sales for the quarter were $9.8bn, 2 per cent above sales of $9.6bn a year ago.

For the first half of the year earnings were $1.14bn, or $1.69 a share, against $1.31bn, or $1.92. Sales were $19.5bn, a 2 per cent increase from last year's $19.1bn.

● Union Carbide, the US chemicals company, posted second-quarter net income of $50m, or 35 cents a share on a fully-diluted basis, down from last year's $116m, or 79 cents. Sales were $1.75bn, against $1.87bn a year ago.

US QUARTERLIES

Approximately $25m of the decline in the second-quarter net income resulted from lost profits related to the interruption of production following an accident at the company's Seadrift, Texas, facility last March.

Current-quarter net income was also affected by an estimated after-tax loss of $14m resulting from previously announced plans to sell the transformer retrofill business from its Unison Transformer Services subsidiary.

For the six months to end-June, net income was $133m, or $0.92 a share, against $210m, or $1.43 a share. Sales for the first half were $3.61bn, against $3.79bn.

● Times Mirror, the Los Angeles-based media group, yesterday posted second-quarter net earnings of $30.7, or 24 cents a share, against $47m, or 36 cents a share.

Revenue for the quarter was $880.5m against $906.6m in the year-earlier period.

For the first half of 1991, net earnings were $54m, or 42 cents a share, compared with last year's $93m, or 72 cents a share. Revenue was $1.74bn, a 2.1 per cent decline from last year's $1.78bn.

● Ingersoll-Rand, the New Jersey-based manufacturing company, posted second-quarter earnings of $32.8m, or $0.63 a share, on sales of $923m.

The results compared with earnings of $53.9m, or $1.03 a share, on sales of $932m for the same period last year.

Earnings for the first half of the year were $61.2m, or $1.18 a share, on sales of $1.79bn, against earnings of $99.5m, or $1.89 a share, on sales of $1.83bn a year ago.

● Electronic Data Systems, General Motor's information technology services subsidiary, announced second-quarter earnings of $139.8m, or $0.58 a share, against $125.3m, or $0.52 a share for the same period a year ago.

Revenue for the quarter was $1.68bn, against $1.46bn.

Compiled by Rivka Nachoma

Cray Research down

CRAY RESEARCH, the US group which makes large-scale, high-speed computing systems, turned in second-quarter net earnings of $20.1m, or 75 cents a share, against $42.6m, or $1.49, a year ago.

Revenues eased to $197.3m from $227m, while pre-tax earnings dropped to $30m from $64.5m.

The order backlog at the end of the quarter was $289m.

GIB net income cut to $20m

By Mark Nicholson

GULF International Bank (GIB), the Bahrain-based offshore bank which underwent drastic streamlining as a result of the Gulf war, has announced a fall in net income for the first half of 1991 to $20.2m against $32.5m last year.

In an unaudited report, the bank said total assets dropped sharply to $5.9bn on June 30 from $9.9bn in the same period a year ago. Much of the fall reflects loan sales and unreplaced maturities from the bank's reorganisation in the second half of 1990, which cut assets from $9.9bn to $6.6bn at the end of December 1990.

Mr Steven Williams, vice-president for financial control, said the bank's footings were unlikely to contract further during 1991, adding: "I think we can see business and volumes increasing."

The bank's reorganisation also included the loss of more than 100 staff, leaving its complement at about 450. Its Singapore office was closed in the first half of this year.

Operating income fell to $39.9m in the first half of 1991 from $58.4m the previous year. Most restructuring costs from the reorganisation, however, were absorbed in the bank's 1990 results. Mr Williams said much of the decline reflected lower interest rates combined with lower lending volumes.

GIB, jointly owned by the governments of Saudi Arabia, Bahrain, Oman, Kuwait, Qatar, Iraq, the Abu Dhabi Investment Authority and the Gulf Investment Corporation, made a net loss of $422.4m in 1990 and a $692.5m loss after provisions in 1989.

The bank also changed its ownership structure and recapitalised earlier this year. The Gulf Investment Corporation, an investment arm of the six Gulf Co-operation Council countries, subscribed $450m, to take the bank's issued share equity to $1.450m.

Evergreen seeks majority stake in Air Panama

TAIWAN's Evergreen Group, which operates the world's largest container shipping fleet and recently launched an international airline, is bidding for a stake in Air Panama, the grounded state-owned airline, writes Peter Wickenden in Taipei.

The financially-troubled Panamanian carrier, which reportedly has only two jet aircraft, has not operated for 17 months, and the government is now seeking an injection of foreign cash and management expertise with the aim of partial privatisation, according to a spokesman at Panama's embassy in Taipei.

A Taiwanese newspaper reported that Evergreen is bidding against South West Airlines for a majority share worth around US$8m.

Evergreen's new EVA Air subsidiary started flights from Taipei on July 1, marking the first private sector competition for the state-owned national carrier China Airlines.

With an eye to establishing a global network, EVA is thought to be attracted more by Air Panama's landing rights than its physical assets.

ANI's profits warning cushioned by acquisition

By Mark Westfield in Sydney

ANI, Mr Kerry Packer's 48 per cent-owned heavy engineering group, yesterday cushioned its forecast of a 30 per cent fall in net profit for the year to end-June by announcing that it had acquired 50 per cent of Holter, the German environmental systems group, for A$30m (US$23.3m).

ANI made a record A$114.85m net profit in the 1990 financial year, but earnings slipped 18 per cent in the first seven months of the current year to A$47.67m. Yesterday's forecast suggests that full-year net earnings will be about A$80m.

Mr Paul Reading, group financial controller, attributed the expected downturn to a fall-off in ANI's equipment hire and steel distribution business.

"The markets for these businesses are very flat and we don't see any immediate improvement," he said.

ANI will release its full results in September.

Through its purchase of the half-share in Holter, the group plans to take advantage of the expected efforts to improve waste management and pollution control in eastern Europe and the Soviet Union. Holter has a A$30m waste management contract in Berlin, plus contracts worth a total of $200m in Poland, Czechoslovakia and the Soviet Union.

Mr Evan Rees, ANI managing director, said additional investment three years ago in Aurora, the UK engineering group, was beginning to generate big sales and profits.

Nova posts C$18m deficit as Husky's losses mount

By Bernard Simon in Toronto

NOVA, the western Canadian pipeline and chemicals group, slumped to a loss of C$18m (US$15.8) in the second quarter from earnings of C$56m a year earlier, reflecting the steep slide in petrochemical prices and losses at 43 per cent owned Husky Oil.

The per-share loss was 8 cents, compared with earnings of 16 cents a share last year. Revenues fell to C$778m from C$1.04bn, but last year's figure included a C$218m contribution from the synthetic rubber business, which has been sold.

Earnings in 1990 included a C$80m gain from the sale of an Italian valve manufacturer.

The Calgary-based company said its petrochemicals and plastics business had tumbled to a C$12m operating loss, from earnings of C$96m.

Pipeline earnings climbed to C$85m from C$66m, reflecting continued expansion of the Alberta natural gas collection network. Nova invested C$333m in its pipeline system in the first half of this year.

Husky, whose controlling shareholder is Hong Kong business executive Mr Li Ka-shing, has incurred losses this year as a result of lower oil and gas prices.

Nova, whose share of the Husky losses was C$12m in April and May, is looking for a buyer for its shares. Since June 1, Nova has classified Husky as an asset for sale, and ceased including it in its income statement.

Nova is examining the feasibility of splitting into two publicly traded companies, with one holding its regulated pipeline interests and the other concentrating on chemicals.

NASD joins opponents to earlier trading hours

By Patrick Harverson

THE NATIONAL Association of Securities Dealers, which runs the over-the-counter electronic market in US stocks, has joined the protest against the New York Stock Exchange's plan to bring forward the opening of trading each day by half an hour to 9am.

The NASD board voted against the idea of opening equity markets earlier because it believes the move would reduce securities firms' ability to offer investment advice to clients before the start of trading. The board also believes it would increase costs without significant benefits to investors.

The association, however, said that to "avoid investor confusion" it would follow the other main US equity markets if they were to go ahead with 9am opening.

Opposition to the NYSE's plan – which is aimed at capturing business from London or other markets – has been led by stockbroking companies on the west coast of the US, who feel they would be particularly disadvantaged by early opening because of the three-hour time difference between the two coasts.

Montgomery Securities, a San Francisco-based broker, claims to have gathered enough signatures on a petition against early opening to force the NYSE to put the plan to a full vote of its 1,366-seat holders. A majority vote against the plan by NYSE members would scupper the proposal.

● The Chicago Board of Trade will launch a cash-settled two-year Treasury note futures contract on August 2. The contract differs from other Treasury-note futures contracts in that delivery is made by cash settlement based on the actual value of the index on the last day of trade.

Underlying the CBOT futures contract will be the highest yield, or the "stop-out yield", accepted by the US Treasury Department on the two-year note auctioned during a contract month.

Air New Zealand prospectus predicts upturn

AIR New Zealand forecast a NZ$85m (US$48.3m) profit for the year to the end of June 1992 in the prospectus issued yesterday to support a NZ$140m one-for-two rights issue, writes Terry Hall in Wellington.

In the year to March 31, the airline announced a NZ$20m loss. The forecast is based on revenue growth of 12 per cent.

Mr Bob Matthew, chairman, said the cash issue was being made against a NZ$22m decline in shareholders' funds in the year to end-March. The new funds would be used "to maximise business opportunities".

These included taking up the company's forward aircraft commitments and the prospect of participating in the Australian government's intended privatisation of Qantas and/or Australian Airlines.

Air New Zealand may also seek to take advantage of attractive international interest rates as the company realigns its longer term borrowing portfolio.

PT Inco earnings tumble 16%

PT INCO, which was floated on the Jakarta Stock Exchange in April last year, yesterday reported net earnings for the second quarter fell by 16 per cent from US$23.1m, or 9 cents a share, to $19.4m, or 8 cents, writes Kenneth Gooding, Mining Correspondent.

Lower average realised nickel prices in the quarter (down from $3.15 a lb to $3.07), higher interest payments (up from $2.8m to $3.8m), a bigger provision for deferred taxes, and increased production costs all played a part in the profit fall. In the first half, PT Inco recorded net earnings of $29m, or 12 cents a share, down from $41.7m, or 17 cents.

Bundaberg bid offer closes

TATE & LYLE, the UK sweetener group, has secured 98.28 per cent of target Bundaberg Sugar's shares at the close of its A$325m (US$251m) bid yesterday, writes Mark Westfield in Sydney.

Bundaberg shares will be suspended at the end of July and removed from the official list on August 7 while Tate & Lyle compulsorily acquires the remaining 1.72 per cent.

Mr James Kerr Muir, a Tate & Lyle director, is due to meet sugar cane growers and the various sugar organisations in the next few days to assure them of Tate & Lyle's support for the continued expansion of Bundaberg.

Last week, Tate & Lyle sought and obtained the resignations of Bundaberg's non-executive directors, including Mr Roy Deicke, the chairman.

Lafarge Coppée close to deal with Czech producer

By William Dawkins in Paris

LAFARGE Coppée, the world's second-largest cement producer, has won agreement in principle to take a 40 per cent stake in state-controlled Cizkovice, one of Czechoslovakia's largest cement producers.

This is Lafarge's second expansion over the past year into eastern Europe, where it is seeking long-term growth to help counter-balance mature western markets, the French company said. Last year, it took over Karsdorf, eastern Germany's largest cement-maker, in an investment worth DM300m ($170.4m) over three years.

Final details, including how much Lafarge will invest in the 700,000-tonne-per-year Czech plant, will be worked out in the next two months. Lafarge is not disclosing the price. It has been negotiating since March with Bankers Trust, the US bank advising on the privatisation of the Czech republic's cement industry. It was picked from among six leading cement producers, including Ciments Français, Holderbank of Switzerland, and Heidelberger Zement of Germany.

For now, the state will hold on to most of the remaining 60 per cent of Cizkovice's shares, though Lafarge will have pre-emption rights and the workforce is likely to be offered a small stake.

Cizkovice's existing management will be kept in place, as was the case at Karsdorf after its takeover. Lafarge will participate in, but not control, the management.

Cizkovice, which employs 542 people near the German border with Saxony, is profitable. Its annual 700,000-tonne capacity is worth FFr280m ($47m) in sales at today's cement prices. That compares Karsdorf's current output of 3.5m tonnes annually, said Lafarge. It said output of the Cizkovice plant, modernised in 1987, can be enlarged to 850,000 tonnes without large investment.

Bourse watchdog calls for SMT-Goupil probe

By William Dawkins

FRANCE'S stock exchange authorities yesterday asked the state prosecutor to investigate allegedly false accounting at SMT-Goupil, the country's last independent maker of micro-computers, put into liquidation three weeks ago.

The Commission des Operations de Bourse (COB), the stock market watchdog, said initial inquiries into the group "made it appear that SMT-Goupil had published inaccurate accounts and given deceitful information to the public, having artificially and strongly overstated its turnover. The responsibility of the auditors could equally be called into question".

This comes on top of an existing COB investigation into suspicious movements in SMT-Goupil's share price before trading in its equity was suspended in April. SMT-Goupil, which employed 750 people, reported a FFr450m ($75.5m) loss on sales of FFr830m in the 15 months to last March, compared with turnover of FFr1.2bn in 1989. Its debts are estimated at FFr750m.

SMT-Goupil was forced into liquidation after Olivetti, the Italian electronics group, declined to lead a rescue bid after being invited to consider taking a stake in the ailing company by the French government.

The COB said it had sent the first pieces of evidence to the public prosecutor at Créteil, the Paris suburb where SMT-Goupil is based. It will be up to the prosecutor to decide whether to bring charges.

The group's 1989 accounts list three firms of auditors: J Arthuis Associés, Guy Gendrot, and J. Faveris.

Deutsche Bank to tighten rules for traders

By Katharine Campbell in Frankfurt

THE INSIDER investigation into Deutsche Bank, Germany's biggest bank, will lead to tough new internal rules on traders' freedom to operate for their own account.

Signalling the move, Mr Hilmar Kopper, chief executive, yesterday said: "We [in Germany] must become accustomed to the rules of the game that apply on other stock exchanges. Obviously, Germany cannot be a special case."

Deutsche Bank has fired its chief equity warrants dealer, but has not made any other personnel changes since the Frankfurt Stock Exchange began investigating irregularities following charges contained in an anonymous letter.

The public prosecutor's office has subsequently become involved as some 30 traders at Frankfurt banks and brokers have been questioned on possible tax evasion in an unprecedented probe that has deeply unsettled the financial community.

Preliminary investigations into Deutsche Banks' securities department indicate that customers have not been damaged by the affair, Mr Kopper said. The bank's probe is running parallel to the Frankfurt SE's official inquiry.

Repeating earlier calls for speedy implementation of legislation on insider dealing, Mr Kopper said the bank would take its own steps before then.

Germany must enact the EC insider guidelines by the end of next June. The bank said it was considering a wide-ranging overhaul of own-account trading guidelines linked to a review of compensation.

These could include barring dealers from operating on their own account in instruments in which they trade for the bank. Credits advanced to dealers, a privilege extended to all bank employees, may also be cut.

However, the bank recognises that its traders are poorly paid compared with their counterparts in other centres. Hitherto, trading privileges were regarded as a legitimate way to top up their salaries.

Merger failure uncovers nugget of hope

Bernard Simon and Kenneth Gooding find Newmont and American Barrick in accord

SIR James Goldsmith, the international financier, insisted last autumn – when he took a 42 per cent shareholding in Newmont Mining, the biggest US gold company – that he was happy to take a passive stance.

However, many observers suggested he would not for long be able to resist shaking up one of the conservative pillars of the mining establishment, particularly as he had more than $1bn invested in it.

Sir James, however, did hold back, perhaps waiting for the gold price to start climbing again. Then, in May this year, his golden touch seemed to have worked its magic again when Newmont announced it was talking about a merger with American Barrick Resources of Canada.

Sir James Goldsmith: 'Gold will have its day and gold mining shares will have their day . . .'

The deal would have produced the second-largest gold miner outside the Soviet Union, and one which, as a trading vehicle, would have been without parallel in the industry. The shares would have traded round the clock, around the world and been extraordinarily liquid.

But, after seven weeks of negotiating, Newmont and Barrick called off the merger talks last week. It had become clear there were too much disagreement, and that much of what the companies wanted could be achieved more simply through co-operative accord.

As soon as the merger talks stalled, Newmont announced Sir James would join its board and also become chairman of a new strategy committee, set up this week. He said after his appointment was announced: "We're excited about making this company grow in a very substantial way."

It is difficult not to conclude that Sir James must have promoted first the merger proposals and then his appointments. But this is not so, according to Mr Gordon Parker, Newmont's chairman. The merger talks were Mr Parker's idea. During those talks, he and Sir James got to know one another better and Sir James decided to take up an invitation to join the Newmont board.

That invitation first came last October, when Sir James acquired his Newmont shareholding in a bizarre, $1.3bn gold-for-timber swap with the Hanson conglomerate.

Newmont and Barrick will not say why they called off the merger talks. Analysts suggest there are substantial cultural differences between the corporations, particularly at senior management level. Newmont is seen as deeply conservative, with a long history, whereas Barrick is presented as the brash newcomer.

Barrick aggressively hedges its gold output, using all kinds of financial instruments. Newmont does little hedging. Consequently, in the first six months of this year, Barrick realised an average price of $433 an ounce for its gold sales, compared with the New York Commodity Exchange average of $366. Newmont's average realised price was $395.

Barrick's most important asset is its Goldstrike mine on the Carlin Trend, Nevada, one of the world's richest gold mining areas. Newmont Mining's most important is its 90 per cent stake in Newmont Gold, which owns more than 2,300 square miles of properties, five mills and about 17 gold deposits containing about 600m oz of the metal in four mining areas on the Carlin Trend.

Barrick's Goldstrike property, with reserves of nearly 18m oz of gold, is on 11 sq miles surrounded by Newmont land. It has to use a Newmont road for access and has a so-called lay-back agreement to enable it to encroach on Newmont's land to mine. Barrick also holds 7 sq miles of mineral rights.

This agreement gives no security. In theory, Newmont could move in to mine its own property at any time and disrupt Barrick's work. So the Canadian company would welcome an arrangement which would give it more security.

The boundary between the two groups' properties passes through a rich deposit called the Deep Post, which is mainly under American Barrick's big open pit mine called the Post. Newmont had planned to sink a shaft, at a cost of $25m, to get at the ore. The two now contemplate an arrangement allowing Barrick to continue working its open pit while taking out Newmont's ore.

The deeper ores on the Carlin Trend are refractory types containing sulphides and carbon. They therefore require special treatment. Barrick's autoclaves at Goldstrike, which roast the ore under pressure, cannot handle carbon-containing ore, but Newmont said this week it intended to build a low-temperature roaster able to deal with it. The co-operative arrangements might well give Barrick access to this process, which should be ready in 1994.

Newmont also might offer Barrick access to a bioleaching process, where bacteria are used to liberate gold from ore. Newmont has been working on this process for two years and has now applied for patents.

This would help Barrick boost its gold output at Goldstrike, which is expected to peak at over 1m oz in the mid-1990s. The company said this week Goldstrike would produce between 475,000 and 500,000 oz in 1991, well above previous estimates. This will rise to over 900,000 next year.

Newmont has practically solved the technical problems associated with the Carlin's deep refractory ore, and has decided to boost gold production again. It plans to lift output from the planned 1.54m oz this year (already virtually treble the 1987 level) to 1.7m oz in 1993. This 13 per cent jump in production will be accompanied by a 12 per cent reduction in anticipated cash costs, to $208/oz.

Analysts suggest the new Newmont strategy committee, with Sir James at its head, will consider whether the group should extract the gold from the Carlin Trend at a faster rate, perhaps by joint ventures or even by selling off land. Newmont also has four advanced exploration projects elsewhere, each likely to contain more than 1m oz of gold.

Takeovers might provide another avenue for growth at Newmont.

Newmont's earnings could also be quickly transformed if the gold price sprang to life again. Sir James is sure this will happen. He said all his investments were in gold because he believed the world would experience a period of financial turbulence.

He said:"Gold will have its day and gold mining company shares will have their day, and then everyone will want to buy gold shares and there will be a shortage."

Lloyds Abbey Life pre-tax profits down 2% to £149m

By Richard Lapper in London

LLOYDS Abbey Life, the life insurer in which Lloyds Bank has a majority stake, yesterday reported a 2 per cent fall in pre-tax profits to £149.5m ($251.16m) for the six months to June 30.

The decline was entirely due to the depressed profitability of the group's consumer finance and estate agency subsidiaries.

In spite of adverse trading conditions, income from core life insurance activities grew, with profits up 14.2 per cent to £139.6m.

Post-tax profits increased 7.4 per cent as a result of changes in tax rules.

The dividend was increased to 6.3p per share compared with 6p at the same stage last year.

The performance of the Black Horse Financial Services division, which sells products to Lloyds Bank customers, was particularly impressive, with annual premiums rising 18 per cent to reach £29.8m (£25.3m).

Black Horse, with a sales force of more than 400, contributed £38.7m (£28.8m) to profits.

Mr Michael Hepher, group chairman, said the Black Horse results showed efforts to sell insurance to the bank's customer base were "really working in a sustainable way".

The Abbey Life Assurance division, which markets products to a broader customer base, posted a fall in income from sales of annual premiums to £46.4m (£51.4m).

Profits still increased to £71.3m (£67.5m) on the back of a good investment performance and reduced expenses.

Sales of single premium life policies and pensions by both units increased by 7 per cent to £328.1m.

The group's German subsidiary, which sells endowment and pensions policies via brokers, increased premium income by 36 per cent to £15m, although Abbey Life's Irish subsidiary saw income slip back to £3.3m (£5m).

Overall European operations contributed £4.7m (£4.2m) to profits.

Lloyd's Bank Insurance Services, which brokes home and motor policies, notched a 14.7 per cent increase in profits to £25.6m, while the recently-established health insurance subsidiary, Ambassador Insurance, recorded £700,000 in profits (£500,000).

The two non-insurance businesses overcame difficult trading conditions: Lloyd's Bowmaker Finance, which markets consumer loans, had profits of £15.6m (£30.9m); and Black Horse Agencies, the estate agency chain, had profits £100,000 (£4.8m).

Group expenses stayed level at £5.8m. Changes in corporation tax rates have reduced the tax charge by just over £10m. As a result, post-tax profits increased by 7.4 per cent to £109.2m.

Mr Hepher will move to British Telecom in September. His successor will be Mr Stephen Maran, finance director.

Union Discount shares fall by a quarter after £7.29m loss

By David Owen in London

SHARES of Union Discount of London lost more than a quarter of their value yesterday as the discount house and financial services group reported a £7.29m ($12.24m) interim loss.

The company nevertheless elected to maintain its interim dividend at 11.5p. It made no forecast for its final payment or full-year outcome "since there are as yet no signs of recovery in the economy".

The shares, which peaked at 599p on the London Stock Exchange in February, closed down 120p at 302p.

Some five weeks ago, the company had warned that losses for the six months to June 30 were expected to total approximately £6.5m.

The company, which has diversified into a variety of financial service-related areas over the last five years, said that the unforeseen deterioration was caused by adverse trading conditions for the discount house in the last two weeks of June.

The problem related to repurchase agreements with the Bank of England that straddled the end of the reporting period, according to Mr Graeme Gilchrist, chief executive.

"There has been quite a turnaround in July: If we had scratched the book tonight, the discount house would now be in profit again," he said.

Operating losses from the discount house – Union Discount's usual activity – amounted to £443,000.

This compared with a year profit of £11.06m in 1990. Yesterday marked the first publication of a full set of interim figures.

The heaviest losses, of £9.86m, were sustained from asset financing, where Union has been hit by rising arrears and bad debts at its Sabre leasing business for small items of office equipment.

In addition, Union Discount Invoice Finance – the invoice discounting unit – was hit by some clients going into liquidation. Two of these clients have revealed "major frauds which are the subject of insurance claims not yet settled".

Staff changes and improvements in management control have been implemented at both subsidiaries.

Futures, underwriting and cash management made a profit of £880,000, while equity and gilt-edged market-making earned £2.13m. This compared with full-year 1990 figures of £1.25m and £2.17m respectively.

The loss per share was 28.28p, compared with 1990 earnings of 57.02p.

Allianz announces dividend of DM13.50

ALLIANZ, the largest insurance company in Europe, is paying a dividend of DM13.50 for 1990, well down from the DM16 the previous year, a payment which however included a DM4 jubilee bonus, writes Katherine Campbell in Frankfurt.

While some analysts had predicted the insurer would go further towards matching the 1989 dividend, Allianz said yesterday that the rise from the base pay-out of DM12 represented "a perfectly constant development." In the previous five years including 1988 the dividend was DM12.

Allianz announces its 1990 results next Tuesday. Mr Wolfgang Schieren, chief executive, has indicated that group net profits for last year will be below those in 1989, but has given no figures.

Consolidated group net profits for 1989 amounted to DM1.16bn. Profits for 1990 were particularly hit by storm damage.

Meanwhile, the worst of the costs of its aggressive expansion into the difficult east German market does not bite until this year. In March, Allianz said preliminary calculations suggested losses in excess of DM500m in the east this year.

INTERNATIONAL CAPITAL MARKETS

Treasuries rally strongly on weak durables data

By **Patrick Harverson** in New York and **Simon London** in London

US BOND prices rose sharply yesterday morning in response to an unexpectedly weak June durable goods orders report.

By midday, the benchmark 30-year Government issue had jumped 1½ to 96⅞, to yield 8.437 per cent. The two-year note was also firmer, up ⅛ at 99¾, yielding 6.892 per cent.

GOVERNMENT BONDS

The surge in prices came on news that durable goods orders last month fell 1.6 per cent. The decline took analysts totally by surprise. They had been predicting a rise in orders of somewhere between 0.5 per cent and 0.9 per cent. In addition, the May increase in orders, originally reported as 3.4 per cent, was revised downwards to 2 per cent.

The data casts a small amount of doubt over the strength of the current economic recovery, and for the bond market boosted hopes that the Federal Reserve will cut interest rates.

The market moved higher in spite of apprehension ahead of the afternoon auction of $9.25bn in five-year notes. Normally, such an infusion of fresh supply would depress prices, but yesterday's economic news was sufficiently significant to offset the market's concerns about the effect of the auction on prices.

■ JAPANESE government *bond prices moved sharply* higher overnight in Tokyo, breaking out of the price ranges which have been established over the past month.

The benchmark Japanese government bond issue No 129 closed the day in Tokyo on a yield of 6.675 per cent, having finished on Tuesday at 6.72 per cent. In London, the yield moved lower still and stood at 6.66 per cent by the close.

Analysts said the renewed optimism was prompted by slightly easier money-market rates in Tokyo, which caused investors to focus on the prospects for further cuts in interest rates later this year. Money market interest rates fell to 7.41 per cent, having been steady at 7.50 per cent last week.

The auction of Y800bn 6.6 per cent 10-year bonds received a favourable reception from the big securities firms. Notes were auctioned at an average yield of 6.56 per cent.

■ GERMAN government bond prices moved higher at the longer maturities yesterday in response to a statement from the Bundesbank that there would be no new issue of 10-year bunds in August.

After starting the day depressed by fears of higher inflation, the benchmark 8⅜ per cent 10-year bund closed on a yield of 8.66 per cent, against 8.68 per cent on Tuesday. The September bund futures contract on the London International Financial Futures Exchange rose from an opening level of 83.66 to around 83.78 by the close. Volume was a healthy 43,000 contracts.

The Bundesbank announcement means *there has been no* new supply at the long end of the market since May 8. The bank said federal cash holdings made a new bond issue unnecessary.

The government has also been relying on issues of shorter-dated stock for funding requirements. Yesterday, the Bundesbank announced the results of an auction of 8¾ per cent four-year notes. It accepted bids for DM2.95bn of notes but retained DM3.05bn for the purpose of market regulation, suggesting demand for shorter-dated paper is weak.

■ UK government bonds were little changed in lacklustre trading yesterday. The benchmark 11¾ per cent gilt maturing 2003/2007 closed at 109⅜ for a yield of 10.241 per cent – identical to the opening level.

On the London International Financial Futures Exchange, the September gilt futures contract closed at 91.23 against an opening of 91.19. Volume was a sluggish 17,000 contracts.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.4211	+0.507	10.94	10.95	11.21
BELGIUM		10.000	08/00	103.1000	-0.050	9.47	9.45	9.39
CANADA *		9.750	12/01	98.8250	+0.200	9.93	9.96	10.03
DENMARK		9.000	11/00	97.5750	-0.050	9.38	9.28	9.24
FRANCE	BTAN	9.000	02/96	98.8025	-0.107	9.30	9.21	9.31
	OAT	9.500	01/01	101.8700	+0.030	9.18	9.08	9.23
GERMANY		8.375	05/01	98.0700	+0.040	8.67	8.57	8.34
ITALY		12.500	03/01	97.4150	-0.205	13.39	13.27	13.26
JAPAN	No 119	4.800	06/99	88.5046	+0.361	7.07	7.16	7.31
	No 129	6.400	03/00	98.5991	+0.378	6.66	6.72	6.88
NETHERLANDS		8.500	03/01	97.4700	-0.010	8.89	8.80	8.66
SPAIN		11.900	07/96	99.2500	+0.300	12.09	11.82	11.98
UK GILTS		10.000	11/96	98-28	+0/32	10.27	10.27	10.47
		10.000	02/01	98-20	+0/32	10.23	10.22	10.58
		9.000	10/08	91-28	+0/32	9.99	9.93	10.21
US TREASURY *		8.000	05/01	98-08	+11/32	8.26	8.28	8.32
		8.125	05/21	96-15	+15/32	8.45	8.47	8.51

London closing. *New York morning session. Prices: US, UK in 32nds, others in decimal

Yields: Local market standard. *Technical Data/ATLAS Price Sources*

German fund manager sets out to woo the ladies

By **Katharine Campbell** in Frankfurt

WOMEN German investors are for the first time being offered an investment fund tailored specifically to their own, apparently distinct, needs.

The "Fonds pour Femmes", created by Mrs Marion Weichert, a Hamburg-based independent financial consultant, starts from the premise that women are *"alienated by the* specialist jargon" emanating from many bank investment advisers.

Mrs Weichert, with the support of the otherwise highly conservative Hamburg private bank, Berenberg, and the big Frankfurt unit trust managers, Universal, *has set out to* woo women away from the traditional low-yield savings account.

The fund is run by an investment committee which has a policy of favouring companies run by women.

Such companies are thin on the ground in Germany – *Ms* Jil Sander of the eponymous Hamburg fashion house, being an exception – but equities will provide a relatively modest portion of the portfolio. A substantial portion of the fund will be invested in fixed income securities.

Why the French name? In German, the title apparently has "leftish, green associations", whereas the Gallic connection is "very appropriate for our customers", said Mrs Weichert, adding that one of the aims was teaching women that investment matters are not dull and dry.

Some 250,000 potential customers have expressed interest in buying units priced at DM100 each.

"We are not against men", says Mrs Weichert, who is forbidden by the constitutional *court from barring men from* her fund. "We just want women to be better informed."

Japanese trust bank in joint venture

MITSUBISHI Trust & Banking, Japan's biggest trust bank, will set up a joint venture with Chicago Research and Trading, the US arbitrage company, Reuter reports from Tokyo.

The two groups will each put up about half of the $150m in capital to set up the joint venture, temporarily named CRT-MTBC Capital Markets Group.

The move is part of Mitsubishi Trust and Banking's strategy to become increasingly involved in credit risk management, the bank said. One reason for the move is to offset the impact of the recent sluggish Tokyo stock market and resulting lower commission income, it said.

The joint venture group will consist of four companies – two in the UK and two in the US – which will trade in currencies, interest rates, bonds, options, interest rate swaps and conduct arbitrage. They will focus on CRT's arbitrage expertise. At present, Japanese trust banks have their arbitrage business in Japan limited by the Finance Ministry.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on July 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102⅛	+⅛	7.64
ALBERTA PROVINCE 9 3/8 95	600	103⅛	103¼	+⅛	8.34
AUSTRIA 8 1/2 00	400	98¼	98⅝	+⅛	8.79
BANK OF TOKYO 8 3/8 96	100	98¼	99¼		8.69
BELGIUM 9 1/8 92	400	101¾	102⅛	-⅛	7.32
BFCE 7 3/4 97	150	98	98¾	+⅛	8.19
BNP 8 5/8 94	300	101⅝	102	+⅛	8.00
BP CAPITAL 9 5/8 93	150	102½	103½		7.70
CANADA 9 96	1000	103	103⅜		8.17
CARCO 9 1/4 96	650	100⅛	100⅞		9.21
CCCE 9 1/4 95	300	103⅜	103⅜	+⅛	8.10
COUNCIL EUROPE 8 96	100	98½	99	-⅛	8.38
CREDIT FONCIER 9 1/2 99	300	103¾	104⅛	+⅛	8.78
DENMARK 0 98	250	55	55⅛	-⅛	8.87
DENMARK 8 1/4 94	150	101	101¼	+⅛	7.86
ECSC 8 1/4 96	193	99⅞	100⅛	+⅛	8.26
EEC 7 1/4 93	250	99⅞	100⅛		7.38
EIB 7 3/4 96	250	98⅛	98⅞	+⅛	8.13
EIB 9 1/4 97	1000	102⅞	103⅛	+⅛	8.62
ELEC DE FRANCE 9 98	200	102	102⅛	+⅛	8.58
EUROFIMA 9 1/4 96	200	102⅛	102⅜	+⅛	8.65
EXPORT DEV CORP 9 1/2 98	150	103⅞	104⅛	+⅛	8.73
FINLAND 7 7/8 97	200	96½	97	+⅛	8.68
FINNISH EXPORT 9 3/8 95	200	103⅛	103⅞	-⅛	8.45
FORD MOTOR CREDIT 9 1/2 93	300	102⅛	102⅞		8.27
GEN ELEC CAPITAL 9 3/8 96	300	103⅛	103⅞	+⅛	8.49
GMAC 9 1/8 96	300	100⅛	100⅞		9.00
HALIFAX 9 1/2 93	200	102⅝	103	-⅛	7.95
IBM WORLD TRADE 7 5/8 93	150	99⅞	100⅛	+⅛	7.72
IND BK JAPAN FIN 7 7/8 97	200	95⅞	96⅛	+⅛	8.81
INTER AMER DEV 7 5/8 96	200	96⅛	97	+⅛	8.45
ITALY 8 1/2 94	1500	101⅞	101⅞		7.89
JAPAN DEV BK 8 94	150	100⅛	100⅞		7.83
KANSAI ELEC PWR 10 96	350	104⅛	104⅛	-⅛	8.80
LTCB 8 5/8 93	150	101	101⅛	-⅛	7.89
NEW ZEALAND 8 93	100	100⅛	101		7.76
NIPPON CRED BK 9 3/4 93	150	103⅛	103⅛		8.06
NIPPON TEL & TEL 9 3/8 95	200	103⅛	104		8.19
NORDIC INV BANK 9 93	200	102⅛	103		7.48
ONTARIO HYDRO 11 5/8 94	200	107⅞	108⅛	-⅛	8.24
OSTER KONTROLLBANK 8 1/8 93	200	101	101⅜	-⅛	7.42
PETRO-CANADA 7 1/4 96	200	95⅛	95⅞	+⅛	8.52
PRUDENTIAL RLTY SECS 0 99	365.216	49⅞	50⅛	-1½	9.79
QUEBEC HYDRO 9 3/4 98	150	103	103⅞		9.15
QUEBEC PROV 9 98	200	99½	100¼		9.09
SAINSBURY 9 1/8 96	150	101½	102¼	+⅛	8.74
SAS 10 99	200	99⅛	100½		10.12
SBAB 9 1/2 95	500	103⅛	104	-⅛	8.38
STATE BK STH AUST 9 1/4 93	100	101⅞	102⅛	-⅛	8.03
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103⅛		8.05
SWEDEN 8 1/8 94	200	100⅛	100⅞		7.97
SWEDISH EXPORT 9 5/8 93	100	103⅛	103⅞		7.41
TOKYO METROPOLIS 8 1/4 96	200	99⅛	99⅞		8.35
WORLD BANK 8 3/8 99	1500	99⅛	99⅞	+⅛	8.70
WORLD BANK 8 3/4 97	1500	102	102⅛		8.47
XEROX CORPN 8 3/8 96	100	95⅛	97	+⅛	9.44

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	102	102		10.48
BULGARIAN TRADE BK 8 1/2 96	200	80⅛	80⅞	+⅛	14.22
DEUTSCHE BK FIN 5 5/8 96	750	89⅛	89⅞		8.38
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	97⅛	-⅛	8.41
EIB 5 3/4 98	400	85⅛	85⅞		8.64
EIB 6 7/8 95	300	94⅛	94⅞	+⅛	8.47
EUROFIMA 6 1/4 98	400	87⅛	87⅞	+⅛	8.66
FERRO DEL STAT 5 3/8 93	500	95⅛	95⅞	+⅛	8.91
IND BK JAPAN FIN 5 5/8 96	300	87⅛	87⅞		8.88
IND DEV BK INDIA 6 3/8 94	200	87⅛	87⅞	-⅛	11.03
INTER AMER DEV 7 1/4 99	300	91⅛	91⅞	-⅛	8.83
LUFTHANSA INT FIN 5 7/8 98	500	84⅛	84⅞	-⅛	8.95
NAT BK HUNGARY 8 96	300	90⅛	90⅞	-⅛	10.34
QUEBEC HYDRO 6 3/4 99	300	88⅛	88⅞	-⅛	8.84
SWEDEN 6 1/8 96	300	87⅛	87⅞		8.58
VENEZUELA 8 1/4 93	100	94⅛	94⅞	-1⅛	10.97
WORLD BANK 0 15	2000	15⅛	15⅞	-⅛	7.83
WORLD BANK 5 3/4 96	300	88⅛	88⅞	-⅛	8.83
WORLD BANK 7 1/8 95	500	96⅛	96⅛	-⅛	8.43

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92½	93⅛		6.70
AUSTRIA 4 5/8 98	100	88⅛	88⅞		6.91
CHUJITSUYA 7 3/4 95	50	101⅛	102		7.24
COUNCIL EUROPE 4 3/4 98	250	89⅞	90		6.73
EEC 5 1/2 00	100	90⅛		-⅛	6.91
EIB 5 3/4 93	100	97⅛	97⅞		7.09
ELEC DE FRANCE 7 1/4 06	100	103⅛	104⅛	-⅛	6.85
FINLAND 5 3/8 95	150	96⅛	96⅞	+⅛	6.40
GENERAL MOTORS 7 1/2 95	100	102	103	+⅛	6.85
JAPAN DEV BK 5 1/2 94	100	97	97½	+⅛	6.80
NEW ZEALAND 4 7/8 99	200	88	89	-⅛	6.97
QUEBEC HYDRO 5 08	160	77	78	-1	7.45
SKANDINAVISKA ENSK 6 1/2 95	100	99½	100		6.65
WORLD BANK 5 03	150	86	87	-⅛	6.73
WORLD BANK 7 01	600	102⅛	102⅞	-⅛	6.69

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95	95⅛	+⅛	7.00
CANADA 4 3/8 92	80000	97½	97⅞		7.27
CREDIT FONCIER 5 1/4 94	20000	94⅛	95	+⅛	7.11
DENMARK 7 95	40000	100⅛	100⅞	+⅛	6.94
EIB 4 5/8 94	40000	94⅛	94⅞	+⅛	6.96
GENERAL ELECTRIC 5 3/4 93	35000	97⅛	98⅛	+⅛	7.18
INTER AMER DEV 7 1/4 00	30000	102⅛	102⅞	+⅛	6.91
ITALY 5 3/4 92	150000	99⅛	99½	-⅛	7.29
KANSAI ELEC PWR 4 5/8 94	60000	94	94⅛	+⅛	7.08
NIPPON TEL & TEL 5 7/8 96	50000	95⅛	96⅛	+⅛	6.84
NORWAY 5 1/8 95	50000	94⅛	94⅞	+⅛	6.89
SWEDEN 5 5/8 95	20000	95⅛	95⅞	+⅛	6.93
WORLD BANK 6 3/4 00	50000	99⅛	99⅞	+⅛	6.82

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94⅛	95⅛		9.34
KREDIETCORP 7 93 LFr	1000	95⅞	96⅞		9.31
WORLD BANK 8 96 LFr	1000	96½	97½		8.92
AMRO BANK 6 1/4 92 Fl	150	96⅝	97⅜		9.74
RABOBANK 5 3/4 93 Fl	150	94½	95¼		9.57
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅝		9.71
BCE INC 9 5/8 93 C$	300	99	99½		10.22
BELL CANADA 10 5/8 99 C$	150	98⅝	99⅛	+⅛	10.89
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅞	99⅜		9.97
EIB 10 1/8 98 C$	130	98¼	99¼	-⅛	10.48
FORD CREDIT CANADA 10 94 C$	100	98¼	98⅞	+⅛	10.74
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅛	101	+⅛	9.95
MONTREAL TRUSTCO 8 1/2 92 C$	100	98⅛	98⅞	-⅛	11.02
ONTARIO HYDRO 10 7/8 99 C$	500	100⅛	100⅝		10.80
QUEBEC PROV 10 1/2 98 C$	200	97½	98		10.99
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅛	99⅝		10.76
SWEDEN 9 3/4 93 C$	250	100	100½		9.70
BELGIUM 9 1/8 96 Ecu	1250	99⅛	99⅞		9.20
CNT 7 3/8 93 Ecu	250	95⅛	96⅛		10.04
CREDIT LYONNAIS 9 96 Ecu	125	96⅛	98⅛	-⅛	10.04
DENMARK 7 5/8 96 Ecu	250	91⅛	92⅛		9.97
EEC 7 5/8 94 Ecu	200	96⅛	96⅝		9.34
EIB 10 97 Ecu	1125	104	104⅛	-⅛	9.03
ITALY 10 3/4 00 Ecu	1000	107⅛	108	-⅛	9.39
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅛	99⅞	-⅛	9.23
BMW FINANCE 14 1/2 92 A$	100	101⅛	102⅛	-⅛	12.03
COUNCIL EUROPE 13 93 A$	50	101⅛	102⅛	+⅛	11.79
EKSPORTFINANS 12 3/8 95 A$	75	102⅛	103⅛		11.39
FORD CRED AUST 13 93 A$	50	100⅛	101⅛	+⅛	12.34
ICI 15 1/2 92 A$	100	102⅛	103⅛	-⅛	12.10
MCDONALDS CANADA 15 95 A$	100	108⅛	109⅛	+⅛	12.05
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105⅛	106⅛		11.92
STATE BK NSW 14 1/4 99 A$	100	109⅛	109⅞	+⅛	12.39
VOLKSWAGEN INTL 15 94 A$	100	107⅛	107⅞	+⅛	11.74
ABBEY NATL TREAS 13 3/8 95 £	100	106	106⅞	-⅛	11.19
BARCLAYS JERSEY 9 1/2 93 £	250	97⅛	98		11.04
BRITISH GAS 12 3/4 95 £	300	104⅞	105⅛	-⅛	10.96
DEUTSCHE BK FIN 11 94 £	225	100⅛	100⅞		10.69
EIB 10 97 £	386.5	96⅛	97⅛	-⅛	10.75
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅛	97⅛	+⅛	11.75
INTER AMER DEV 11 3/8 95 £	75	101⅞	102⅛		10.73
ITALY 10 1/2 14 £	400	94⅛	94⅞		11.21
LAND SECS 9 1/2 07 £	200	81⅛	82		12.18
LEEDS PERMANENT 9 1/4 93 £	50	96⅛	97⅛		11.26
NORWAY 10 1/2 94 £	200	99⅛	99⅞		10.73
ROLLS-ROYCE 9 5/8 93 £	150	97	97⅛	+⅛	11.42
SAINSBURY 10 7/8 93 £	100	99⅛	100		11.15
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅛	105⅞	+⅛	11.25
WORLD BANK 11 1/4 95 £	100	101⅞	102⅛		10.68
ABBEY NATIONAL 0 96 NZ$	100	58⅛	59⅛	+⅛	10.83
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105		10.90
AIDC 7 7/8 93 FFr	600	96⅛	96⅝	+⅛	9.84
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101⅞	+⅛	9.62
EURATOM 7 5/8 98 FFr	500	92	92½	+⅛	9.24

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.01	100.11	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.47	99.57	11.9550
BANCO ROMA 0.03 01	200	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	200	99.53	99.66	6.5000
BELGIUM 1/16 97 DM	500	99.98	100.08	9.1250
BFCE -0.02 96	350	99.97	100.07	6.1050
BNP 05	300	95.88	96.88	6.3125
BRITANNIA 1/10 96 £	150	99.05	99.25	11.9750
CCCE 06 ECU	200	99.84	99.94	9.5938
CITIZENS FED 0.15 96	100	99.35	99.80	7.0250
COMMERZBK O/S FIN 93	200	100.00	100.10	6.5625
DENMARK -1/8 96	1000	99.63	99.73	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	99.99	100.10	9.2656
ELEC DE FRANCE 1/8 99	400	100.45	100.75	7.0000
FERRO DEL STAT 94	200	100.47	100.72	6.8750
HALIFAX 1/10 94 £	200	99.81	99.91	11.7250
ITALY 00	500	100.78	100.88	6.3750
MITSUI FIN ASIA 1/8 96	100	99.61	99.71	7.0000
MORGAN (JP) 1/4 97	250	98.50	99.25	6.2500
NAT WEST FIN 3/16 05	400	91.75	92.75	6.5000
NEW ZEALAND 93	500	99.87	99.97	6.5000
QUEBEC PROV 01	300	96.34	96.59	6.1250
RENFE 98	500	99.95	100.05	6.0625
SOCIETE GENERALE 96	300	99.16	99.26	6.3125
STATE BK VICTORIA 0.05 99	125	98.48	98.73	6.4875
UNITED KINGDOM -1/8 96	4000	99.99	100.02	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	116⅛	117⅛	+6.79
ASDA-MFI 4 3/4 02 £	100	1.64	117⅛	118⅛	+98.87
BURTON GROUP 4 3/4 01 £	110	3.15	116⅛	118⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	95⅛	96⅛	+20.97
GOLD KALGOORLIE 7 1/2 00	65	1.0554	73⅛	74⅛	+40.92
GOODYEAR TIRE 6 7/8 03	150	80⅛	76	77⅛	+64.84
GRACE (WR) 6 1/4 02	150	42⅛	92	93	+12.74
HANSON 9 1/2 06 £	500	2.5875	99⅛	99⅞	+19.71
HAWLEY 6 02 PREF	400	19.1	75	80	
HILLSDOWN 4 1/2 02 £	150	4.16	111⅛	112⅛	
INTL PAPER 5 3/4 02	200	68⅛	105⅛	106⅛	+3.74
LAND SECS 6 3/4 02 £	84	6.72	83⅛	84⅛	+11.72
MITSUBISHI BK 1 3/4 02	300	2727.1	104	105⅛	+4.05
OGDEN 6 02	85	39.077	68⅛	69⅛	+41.40
PACIFIC DUNLOP 6 3/4 97	75	3.749	106⅛	107⅛	+0.11
TEXAS INSTRUMENTS 2 3/4 02	300	82⅛	82⅛	83⅛	
THORN EMI 5 3/4 04 £	103	7.45	113⅛	114⅛	+16.41

* No information available - previous day's price.
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Vancouver sells trading system to Mexico

By **Bernard Simon** in Toronto

THE Vancouver Stock Exchange (VSE) has sold a version of its computerised trading system to Mexico's Bolsa Mexicana de Valores.

The deal, which also involves IBM and a New York software developer, TCAM Systems, includes computer software and hardware, as well as telecommunications and consulting contracts. The VSE expects to net about C$750,000 from the sale.

Vancouver, which specialises in speculative resource stocks, in January 1990 became the first stock exchange in North America to replace its trading floor with a fully automated system.

The Vancouver system allows traders to deal from any computer terminal within telephone contact and also links trading and surveillance functions. It was expanded last September to handle 25,000 trades a day. Almost two dozen terminals have been installed in brokerage offices in Toronto, over 2,000 miles away.

The VSE said it has also had preliminary discussions with the Mexicans on inter-listing companies on both exchanges.

The VSE earlier this year sold a similar system to the Caracas exchange in Venezuela. It is currently pursuing sales with various stock exchanges in South America, south-east Asia and Europe.

S G Warburg plans IMI valuation

By **Haig Simonian** in Milan

S G Warburg, the UK merchant bank, has been commissioned by the Italian Treasury to produce a valuation of Istituto *Mobiliare Italiano* (IMI), the Rome-based fund management and financial services group, 50 per cent owned by the government.

Italian public-sector entities have turned to foreign banks for valuation services before but this is believed to be the first time a foreign institution has been directly appointed by the Treasury.

The valuation is a key move in the likely sale of IMI to a group of Italian savings banks, led by Cariplo, the big Milan-based financial institution. A price for the transaction is uncertain, partly due to the political overtones surrounding the deal. While some politicians put a L6,000bn price tag on IMI, others mentioned a figure twice the size. According to Mr Luigi Arcuti, IMI's chairman, its book value is worth over L6,300bn.

All of these securities having been sold, this advertisement appears as a matter of record only.

Telecom

Telecom Corporation of New Zealand Limited

Global Offering

24,150,000 American Depositary Shares
Representing 483,000,000 Ordinary Shares
and
241,500,000 Ordinary Shares

Global Coordinators

Merrill Lynch & Co. **Goldman, Sachs & Co.**

12,075,000 American Depositary Shares
Representing 241,500,000 Ordinary Shares

This portion of the offering was offered outside the United States, Canada and New Zealand by the undersigned.

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The New Zealand Guardian Trust Company Limited | The Prudential Assurance Company New Zealand Limited | Tower Corporation | Westpac Investment Management-NZ-Limited

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Advisor to the Selling Shareholders

Salomon Brothers Inc

July, 1991

Ontario exchanges bond issue proceeds with IADB

By Simon London and Tracy Corrigan

PROVINCE of Ontario yesterday overcame the lack of currency swap opportunities in the Eurodollar sector of the international bond market by arranging a direct exchange of the proceeds of its $390m bond issue with borrowers in the Canadian dollar sector.

Ontario's five-year bond issue, lead managed by Goldman Sachs International, shared exact maturity dates with a C$150m deal for the Inter-American Development Bank – also lead managed by Goldman Sachs. By exchanging the proceeds of the issue, the province can achieve cheaper Canadian dollar funding than otherwise available.

Currency swap opportunities out of Eurodollars are few, although demand for Eurodollar bonds at the three to five-year maturities remains buoyant. At market swap rates, Ontario could expect to achieve floating-rate Canadian dollar funding only slightly below Libor.

However, a piece of the jigsaw is missing. A further C$300m five-year paper is required to complete the swap.

Of the two deals, the IADB transaction received the better reception from the market. The bonds were offered at a spread of 37.5 basis points over Canadian government bonds. The Ontario issue saw a more patchy response, with some participants in the deal reporting good demand and others reporting slow placement. However, the deal traded up to 99.97 bid from a fixed re-offered price of 99.92.

INTERNATIONAL BONDS

Crédit Agricole, the French co-operative financial institution, came with another C$150m five-year deal, not related to the swap and lead managed by Swiss Bank Corporation. At a yield spread of 52 basis points over government bonds, the deal saw a strong response from retail-oriented accounts with 33 banks participating in the deal.

The New South Wales Treasury Corporation launched a A$100m 15-year deal, an unusually long-dated transaction for a retail-dominated market. However, investors' appetite for long-dated paper has been fuelled by expectations that the Australian inflation rate will fall below 4 per cent in August, making real returns for long-dated Australian dollar bonds more attractive.

The deal met strong demand from UK investors, as well as the usual continental European retail clients, according to lead manager Fay Richwhite. The issue was bid at less 1.85 point, well inside full fees of 2⅛ points.

In the Swiss franc market, three Japanese companies raised equity linked funds totalling SFr200m, in the form of convertible bonds.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Province of Ontario(a)†	390	8½	101.545	1996	1⅞/1⅝	Goldman Sachs
Thermo Ins.Systems(b)§†	75	6⅝	100	2001	2½/1½	Lehman Bros.
HIH Capital(c)§†	50	7½	100	2006	2½/1½	J.Henry Schroder Wagg
CANADIAN DOLLARS						
IADB(a)†	150	10⅜	101.575	1996	1⅞/1.6	Goldman Sachs
Caisse Nat.d'Cred.Agric.(a)†	150	10½	101.575	1996	1⅞/1.775	SBC
AUSTRALIAN DOLLARS						
NSW Treasury Corp(a)†	100	12	101.60	2006	2⅛/1⅜	Fay Richwhite (U.K.)
SWISS FRANCS						
Nakayama Kiko(d)★★§	100	5¾	100	1996	-	UBS
OK Foods Inds.(e)★★§	50	4	100	1995	1⅝	Nomura Bk. (Switz)
Hamamatsu Photo.(a)★★§	50	5⅜	100	1996	-	Nikko Bk. (Switz)
Okamoto Machine Tool(f)★★♦	35	4	100	1995	1½	Bca.d'Svizzera Italiana
D-MARKS						
EIB(g)‡†	400	(g)	100.10	1998	20/10bp	Salomon Bros.AG

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Subordinated issue, launched 22/7/91. Amount increased from $50m. Callable at 104% from 15/8/94 declining by 1% per annum to par. Coupon payable semi-annually. Conversion premium fixed at 14.05%. c) Amount decreased from $80m. Non-callable until 25/9/96 then callable until 25/9/99 at par subject to 130% rule. Coupon payable semi-annually and was indicated at 7¼-7½%. Conversion premium fixed at 17.9%. d) Holder of 10 shares on 30/9/91 will receive 1 bonus share. Non-callable. e) Put option on 31/3/94 at 106½% to yield 7.017%. Coupon payable semi-annually. f) Callable on 16/8/92 at 101½% declining ¼% semi-annually. g) Amount increased from DM300m. Callable at par after 2 years. Coupon pays 30bp minus 3-month Libor.

SKOPBank downgrading 'bad news'

A SENIOR official of Finland's Saastopankkien Keskus-Osake-Pankki (SKOPBank) described its downgrading by Moody's Investors Service as minor, but still bad news, Reuter reports.

The deputy chief general manager, Mr Juhani Riikonen, said; "It is very popular to say that it doesn't affect anything, but it is always bad news." He added that in the current world banking circumstances, and in the Nordic region in particular, it was good to be in the AA band.

Moody's has lowered the rating on SKOPBank's senior debt to AA3 from AA2. "The economy is the reason for the bad performance of Finnish banks," said Mr Riikonen. Finland's GDP in the first quarter fell 5.2 per cent. However, SKOPBank had a strong capital base to help it withstand minor profits or small losses.

Regulators in UK seek assurances from Japan

By Richard Waters

SECURITIES regulators in the UK have written to large Japanese securities companies in London seeking assurances that the recent stock compensation scandals in Tokyo do not extend to the UK.

Similar letters have been sent by the New York Stock Exchange to those of its members involved in the Tokyo scandals.

The UK's Securities and Futures Authority (SFA) has written to the four firms involved – Nomura, Nikko, Daiwa and Yamaichi – asking them whether clients in the UK were compensated for stock losses, as had happened in Japan.

The regulators also asked what systems were in place to ensure that such practices could not occur in the UK.

The SFA has also written to the Japanese Ministry of Finance asking for information about the stock compensation scandals.

The SFA is also still investigating the position of Mr Koichi Kane, who is moving from Tokyo to become the new chairman of Nomura International in London.

Mr Kane is already a member of the SFA, although he has yet to become a director formally in London. His personal membership is now being reviewed.

The Japanese houses are understood to have given verbal assurances to the TSA about their practices in London, but have yet to respond formally in writing to the enquiries.

In the US, meanwhile, the Securities and Exchange Commission said it had no reason to believe that Japanese firms in the US had been compensating clients for stock trading losses.

● The SFA has fined G W Futures £70,000 and censured it for "failure to act in the best interests of its customers, and to act with due skill, care and diligence." The firm has paid $100,000 compensation to clients and reorganised its compliance and controls, SFA said. It also fined ECU Futures £9,000 over a misleading advertisement.

Japanese equity-linked deals surge

By Emiko Terazono in Tokyo

A FLOOD of planned equity-linked issues threatens to add to the problems of the scandal-hit Tokyo stock market.

Nikko Securities estimates that equity-linked issues planned for the July-September quarter will total Y3,000bn, a sharp rise from Y1,660bn for the preceding three months to June.

The weakness in the stock market has caused a handful of companies to postpone or cancel new issues so far, and although market conditions are pushing up coupon rates on the bonds, the bulk of companies have yet to alter funding schedules.

While the scheduled amount could yet be scaled down, the potential need to issue new debt remains high. Last year, equity-related issues totalled Y10,000bn, down from a 1989 peak of Y24,000bn.

Japanese companies are squeezed for funds. Corporations' net financial deficit, or savings minus investments measured on a flow of funds basis, has risen to a peak 9 per cent of gross national product. With banks cutting back on asset growth, companies are left with few other low-cost options.

Nomura Securities underscores the risks involved for underwriters, given weak stock market conditions. It says: "Underwriting of new issues should not be allowed to run wild." It adds that at the same time the securities houses cannot jeopardise relationships with leading clients by telling them to wait.

Demand for direct equity investment has tailed off in recent months, with volumes, which reached a daily average of over 800m shares at the height of the bull market, falling below 300m. Over-supply of shares has become the leading concern on the secondary market and traders fear new issues will add to the overhang.

The Japanese life insurance industry has also called for restraint in the issue of equity-linked debt. The Life Insurance Association of Japan recently urged companies, looking for funds through bonds issues linked to shares to consider the health of the stock market. The association claimed that a Y500bn to Y600bn new issues per month would be an appropriate level.

The last thing the brokerages want is a repetition of last year's four-month moratorium on new issues, when the big four houses agreed to suspend all new equity linked issues. Deprived of commissions, the underwriters saw revenues sag alarmingly.

"If a company wants to issue, we are not in a position to resist this," said an official in the underwriting department at Nikko Securities. The views of underwriting departments clearly do not reflect concerns of the secondary market departments.

While the Finance Ministry said it is not in a position to close off primary markets, securities companies would like a discreet hint from the ministry in the form of administrative guidance. If they had some form of official backing most securities houses feel they could turn away clients seeking equity-related funds without offending them.

First Chicago to cut workforce

By Barbara Durr in Chicago

FIRST Chicago announced yesterday it would cut its workforce by 1,000 as part of a $100m cost reduction programme this year.

The cuts will come largely in its Global Corporate banking operations, which serve large corporate and institutional customers.

First Chicago said it expected a third-quarter restructuring charge associated with the move in the range of $30m to $40m.

The bank said that the decision to restructure the bank's operations aimed to improve overall corporate performance by focusing on the most attractive segments of its business. The Global Corporate side of First Chicago has had a lower rate of return than the bank's other operations.

What is left of the Global Corporate unit will now put greater emphasis on such activities as corporate finance and risk management, while traditional lending will be reduced.

Overall, First Chicago is shifting its strategy to bolster its retail and middle market banking and credit card operations, its more profitable lines of business.

Last year, First Chicago's net income dropped 30 per cent to $249m, and in the first six months of this year net income was $106.8m, or $1.36 per share, down 32 per cent from $156m, or $2.11 per share, last year.

ANZ arranges finance deal for IOC

AUSTRALIA'S ANZ banking group has arranged a $100m financing for the Indian Oil Corporation (IOC), India's state-owned oil importer and distributor, using the Islamic trade financing method of Murabaha, writes Sara Webb.

Murabaha is a procedure whereby a bank or institution buys raw materials and sells them to a client at an agreed mark-up, rather than charging interest on a loan, although usually the mark-up tends to track prevailing interest rates.

ANZ has arranged a 180-day supplier credit for IOC to finance the import of crude oil and petroleum products, whereby Al Rajhi Banking and Investment Corporation, the Saudi commercial banking group, buys the crude oil and petroleum products and then resells them to IOC with the payment deferred. The mark-up is equivalent to a margin of 3 percentage points over the London interbank offered rate per annum.

ANZ has arranged two previous Murabaha oil financing facilities in the last nine months for Pakistan for $100m and $105m. But this is the first Murabaha oil financing that has been arranged to finance the Indian Oil Corporation's oil imports.

NAB to set up TCD facility

NATIONAL Australia Bank will become the third of Australia's four major banks to establish a transferable certificate of deposit facility, Reuter reports from Sydney.

NAB said it was completing documentation for the facility, but it would not be drawn down immediately since the bank was sufficiently liquid from its $1.06bn rights issue. Westpac Banking and Australia and New Zealand Banking have made respective $300m transferable certificate of deposit (TCD) issues this month.

● BAYER, the German chemicals group, is to be quoted on the Milan Stock Exchange.

BPI makes only bid for Portuguese bank

By Patrick Blum in Lisbon

BANCO Portugues de Investimento (BPI), Portugal's largest private investment bank, emerged yesterday as the only buyer bidding for Banco Fonsecas & Burnay (BFB), the medium-sized commercial bank which the state is privatising.

Details of the bid will not be disclosed until early August, after BPI's offer is approved formally by the government.

The bank's privatisation is split into two, with the initial sale of an indivisible block of 16.4m shares representing 80 per cent of BFB's capital, to be followed by the sale of the remaining 20 per cent at a later date. The buyer of the block of shares sold through a bid auction at a starting price of Es2,200 per share must underwrite the sale of the remaining 20 per cent. The government was expecting to raise about Es36bn ($240m) from the sale, though only about Es8bn of the revenue will go to the Treasury. The remainder will be ploughed back into the bank to finance an Es20bn financial restructuring programme.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wednesday July 24 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Tue Jul 23 Index No.	Mon Jul 22 Index No.	Fri Jul 19 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (183)	831.59	+0.1	10.41	5.81	11.85	22.20	830.40	816.28	813.65	877.04
2	Building Materials (24)	1070.44	+0.3	9.07	5.82	13.97	30.76	1066.93	1039.81	1034.93	1121.26
3	Contracting, Construction (31)	1160.65	+0.5	9.47	6.72	13.95	31.97	1154.83	1142.79	1141.04	1438.27
4	*Electricals (10)*	*2448.66*	*+0.3*	*10.49*	*5.47*	*12.13*	*61.85*	*2440.93*	*2381.15*	*2372.96*	*2438.55*
5	Electronics (25)	1679.64	-0.7	8.99	5.35	14.79	46.44	1691.35	1670.40	1675.36	1796.95
6	Engineering-Aerospace (8)	417.66	+0.3	16.39	6.00	7.33	12.11	416.54	417.11	414.17	461.88
7	Engineering-General (45)	450.95	+0.2	12.13	5.66	10.09	11.82	450.19	444.04	442.71	492.82
8	Metals and Metal Forming (8)	441.77	-1.6	15.97	8.00	7.69	16.70	448.86	441.14	442.08	491.18
9	*Motors (12)*	*327.67*	*-0.1*	*12.06*	*7.38*	*9.78*	*9.98*	*328.10*	*318.14*	*316.10*	*353.25*
10	Other Industrial Materials (20)	1598.87	+0.6	8.72	5.03	13.48	34.85	1589.30	1563.03	1555.20	1574.12
21	CONSUMER GROUP (188)	1515.85	-0.4	7.68	3.60	16.06	24.21	1521.17	1502.68	1490.97	1313.19
22	Brewers and Distillers (22)	1840.99	-0.4	8.36	3.60	14.60	27.57	1848.32	1819.58	1812.41	1629.34
25	Food Manufacturing (19)	1203.99	+0.4	9.54	4.11	12.95	24.43	1199.35	1182.27	1172.70	1102.42
26	Food Retailing (17)	2690.89	-1.5	8.01	3.12	16.33	39.61	2731.49	2732.84	2734.52	2614.11
27	Health and Household (22)	3654.53	-0.4	5.21	2.36	21.94	30.86	3669.89	3670.27	3641.49	2570.13
29	Hotels and Leisure (24)	1267.82	+0.3	10.04	5.46	11.90	30.99	1263.55	1234.18	1219.27	1451.79
30	Media (26)	1436.61	-0.2	8.19	4.91	15.83	36.17	1438.99	1409.58	1403.88	0.00
31	Packaging, Paper & Printing (17)	743.08	-0.4	7.57	4.44	15.94	14.33	745.74	731.08	725.66	610.82
34	Stores (32)	970.59	-0.4	7.93	3.83	16.46	17.06	974.05	948.84	929.81	825.41
35	Textiles (9)	569.02	----	8.81	5.45	14.10	13.79	569.09	558.75	558.83	495.78
40	OTHER GROUPS (109)	1256.43	+0.3	9.91	5.13	12.44	23.73	1252.44	1240.02	1232.88	1170.28
41	Business Services (12)	1314.39	+0.8	8.21	4.96	15.07	29.13	1303.48	1285.26	1277.73	0.00
42	Chemicals (21)	1407.66	+0.1	7.99	5.12	14.14	32.92	1406.36	1400.46	1397.28	1269.97
43	Conglomerates (10)	1486.03	+0.6	10.05	7.10	12.02	31.93	1476.74	1458.53	1443.95	1645.59
44	Transport (13)	2212.33	+0.9	8.54	4.82	14.50	48.98	2192.27	2170.82	2164.09	2359.17
45	Electricity (16)	1229.64	+0.7	14.04	5.28	9.10	18.41	1220.70	1216.42	1215.70	0.00
46	Telephone Networks(4)	1488.86	----	9.96	4.09	13.13	5.58	1489.17	1457.16	1445.97	1193.81
47	*Water (10)*	*2491.30*	*+1.2*	*16.43*	*6.18*	*6.74*	*118.37*	*2461.61*	*2434.21*	*2432.87*	*1977.19*
48	Miscellaneous (23)	1988.93	-0.4	6.08	4.86	21.32	47.89	1997.76	2007.85	1986.61	1774.73
49	INDUSTRIAL GROUP (480)	1266.38	----	8.92	4.52	13.82	24.03	1266.89	1251.23	1243.39	1171.32
51	Oil & Gas (20)	2491.64	-0.7	10.89	5.49	12.08	50.59	2509.42	2500.20	2482.18	2421.96
59	500 SHARE INDEX (500)	1369.97	-0.1	9.18	4.64	13.57	26.28	1371.71	1356.31	1347.65	1275.36
61	FINANCIAL GROUP (94)	798.69	-0.4	–	5.92	–	20.81	801.72	794.15	793.19	807.76
62	Banks (9)	916.52	-1.0	6.53	6.04	23.15	22.63	925.68	916.00	915.22	867.11
65	Insurance (Life) (7)	1508.03	-0.1	–	5.49	–	41.64	1509.51	1490.76	1487.91	1501.47
66	Insurance (Composite) (6)	650.32	-1.1	–	6.74	–	20.23	657.50	651.64	648.96	676.59
67	Insurance (Brokers) (8)	1161.50	-2.4	6.72	5.83	19.30	30.61	1190.24	1185.47	1180.96	954.06
68	Merchant Banks (7)	425.77	+0.1	–	4.92	–	11.00	425.46	424.11	423.35	437.49
69	Property (37)	927.14	+2.7	6.03	4.96	23.81	19.84	902.99	889.21	889.02	1100.86
70	Other Financial (20)	248.56	-0.9	11.53	7.26	10.85	7.80	250.70	254.64	256.87	289.64
71	*Investment Trusts (70)*	*1225.65*	*-0.2*	–	*3.47*	–	*19.41*	*1227.88*	*1214.01*	*1210.04*	*1218.54*
99	ALL-SHARE INDEX (664)	1232.11	-0.2	–	4.78	–	24.65	1234.10	1220.52	1213.66	1162.86

	Index No.	Day's Change	Day's High (a)	Day's Low (a)	Jul 23	Jul 22	Jul 19	Jul 18	Jul 17	Year ago
FT-SE 100 SHARE INDEX♦	2580.5	-7.4	2588.4	2578.6	2587.9	2558.5	2541.5	2547.3	2561.0	2364.7

FIXED INTEREST

	PRICE INDICES	Wed Jul 24	Day's change %	Tue Jul 23	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.88	+0.02	120.85	1.64	6.99
2	5-15 years (27)	131.13	+0.02	131.10	2.05	7.77
3	Over 15 years (9)	138.82	+0.07	138.72	2.86	6.44
4	Irredeemables (6)	151.74	+0.03	151.70	2.17	7.34
5	All stocks (71)	130.16	+0.03	130.13	2.00	7.48
	Index-Linked					
6	Up to 5 years (1)	160.03	+0.06	159.94	0.66	2.72
7	Over 5 years (10)	145.02	+0.02	144.99	0.49	2.76
8	All stocks (11)	146.02	+0.02	145.99	0.49	2.76
9	Debs & Loans (56)	110.07	+0.03	110.04	2.80	5.33

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 24	Tue Jul 23	Year ago (approx.)
	British Government				
1	Low	5 years	9.04	9.07	10.83
2	Coupons	15 years	9.91	9.92	10.83
3	(0%-7¾%)	20 years	9.91	9.92	10.83
4	Medium	5 years	10.27	10.27	12.11
5	Coupons	15 years	10.11	10.11	11.33
6	(8%-10¾%)	20 years	10.05	10.05	11.12
7	High	5 years	10.44	10.44	12.19
8	Coupons	15 years	10.26	10.24	11.57
9	(11%-)	20 years	10.14	10.14	11.37
10	Irredeemables		10.11	10.12	10.84
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	4.41	4.42	5.39
12	Inflation rate 5%	Over 5 yrs	4.37	4.37	4.36
13	Inflation rate 10%	Up to 5yrs	3.44	3.45	4.24
14	Inflation rate 10%	Over 5 yrs	4.17	4.17	4.17
15	Debs & Loans	5 years	11.89	11.89	13.85
16		15 years	11.68	11.68	12.79
17		25 years	11.47	11.47	12.50

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	22	36
Corporations, Dominion and Foreign Bonds	2	3	15
Industrials	280	241	995
Financial and Properties	121	150	458
Oils	6	33	51
Plantations	0	0	10
Mines	17	47	94
Others	19	84	45
Totals	470	580	1,714

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings July 22
● Last Dealings Aug. 2
● Last Declarations Oct. 24
● For settlement Nov. 4

For rate indications see end of London Share Service

Calls in Burton, Carlton Comms., Evode, Globe Pet., Granada, Helical Bar, Howden, LWT Prefd., Monument Oil, Natl. Home Loans, Pilkington, Scottish Heritable Trust, Tusker Res. and Whitegate Leis. Put in Rainers.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

Lasmo falls 29% as write-offs rise

By Deborah Hargreaves

LASMO, the UK independent oil company, yesterday reported a 29 per cent drop in its interim pre-tax profit from £42.6m to £30.4m, due largely to increased write-offs as the company expanded its oil exploration programme.

Lasmo boosted output in the first six months of the year to 93,000 barrels a day (81,700). However, much of this increase had to be given up as tax to host governments – principally in Indonesia – and turnover rose only slightly from £151.1m to £153.3m.

Lasmo is almost 90 per cent geared to the oil price and although crude prices climbed to an average $19.45 a barrel during the period from $17.73, the low value of the dollar meant sterling revenues of £10.63 a barrel were virtually unchanged.

Mr Chris Greentree, chief executive, said he expected further strength in oil prices during the second half of the year, coupled with an improvement in the exchange rate. "An extra £1 per barrel on the oil price would mean £16m to £17m on our bottom line."

However, the City was disappointed with the figures. Mr Brendan Wilders, analyst at Hoare Govett, said: "They've reported more money from their treasury operations than on producing oil."

Lasmo shares dropped 12p to 348p after the stock market received no assurances about the success of the exploration programme. In addition, the market reacted badly to the only slightly higher interim dividend of 2.3p (2.2p).

Lasmo increased first-half spending on exploration and appraisal drilling from £47m to £77m and doubled expenditure on development from £62m to £132m. Mr Greentree said the company had drilled 102 wells around the world in the first six months of the year.

However, Lasmo is taking a cautious approach to booking reserves found as part of its exploration efforts, although it has some prime assets in its portfolio. The company is currently appraising an oil find in the North Sea. Its Canadian fields off Nova Scotia will start producing in February at a rate of 30,000 barrels a day and the company is looking at upgrading its Pakistan gas reserves.

Lasmo reported a tax credit, bringing profit after tax to £33.6m, against a tax deduction in the previous period, when net profit was £32.4m. Earnings per share rose from 8.2p to 8.5p.

Jacques Vert declines 35% to £3m

By Alice Rawsthorn

JACQUES VERT, the women's wear group, yesterday announced it was holding its final dividend at 6p despite a 35 per cent fall in pre-tax profits from £4.65m to £3.01m in the year to April 30.

Mr Alan Green, joint chairman, said it had been a "testing" year, but the group's performance had improved in the second half as it had resolved pricing problems and had increased margins.

Turnover rose to £42.8m (£41.7m) despite a fall in export sales to £5.13m (£6.81m) reflecting the closure of the US operation. However, operating profits fell to £3.99m (£5.17m) mainly because overheads rose to £14.8m (£13.1m).

The group paid higher interest of £978,000 (£519,000) on gearing of more than 50 per cent. Mr Green said the net debt level was higher than expected chiefly because of slower payments from retail customers. Debtor and stock provisions were up by £400,000 to guard against the risk of bad debts and slow payments.

Earnings per share fell to 21.9p (30.3p). Holding the final dividend at 6p produces an unchanged total of 10p. The shares rose by 1p to 183p on yesterday's announcement.

Like other clothiers the group had been affected by the slowdown in the retail sector. However, Mr Green said the emphasis on classic clothes for older women had helped cushion it against the recession.

Spurs offer goes unconditional after holders of 11% tip scales

By Jane Fuller

THE HOLDERS of just over 11 per cent of the shares in Tottenham Hotspur, which owns the north London football club, have accepted the 75p-a-share offer from Mr Alan Sugar and Mr Terry Venables.

The offer is now unconditional because Mr Sugar and Edennote, Mr Venables' company, own 36 per cent. Mr Tony Berry, former chairman of Blue Arrow, who is acting in concert with them, has 8 per cent, and the acceptances take the total over the 50 per cent threshold.

The total amassed by Tuesday was 54.9 per cent. The offer, which values Tottenham at £7.6m, remains open until August 7.

Prolific Asset Management is selling its 4.3 per cent stake. It said the investment did not satisfy the income requirements of a unit trust. No dividend has been paid since the interim for 1989-90 and Prolific felt it would be some time before payments were resumed.

Tottenham owes £10m-£11m to Midland Bank, which recently extended the overdraft facilities until May next year.

The acceptances so far will cost Mr Sugar, the new chairman and head of Amstrad, and Mr Venables, the new chief executive, £860,000. This leaves about £3.6m of the money they have available to buy shares and support a rights issue. Tottenham is expected to seek a relisting of its shares, suspended at 91p since last October, alongside an issue.

The fate of Mr Ian Gray, Tottenham's managing director, remained unclear yesterday. Mr Gray believed he had been sacked, the company said he still had the job.

Capita placing to raise £4.2m

By Peter Franklin

CAPITA GROUP, the USM-quoted supplier of management services to the public sector, yesterday announced plans to raise £4.2m net of expenses via a placing and a move to the main market.

The placing and offer to shareholders of 2.1m new ordinary shares is on a 1-for-6 basis at 207p per share. The proceeds will be used to provide additional working capital to fund expansion.

The placing by Hill Samuel with institutional and other clients of Credit Lyonnais Laing, will increase the group's net assets by 157 per cent to £6.8m.

Dealings in the company's shares on the Official List are expected to commence on August 21.

The announcement came as the company reported a 45 per cent advance in pre-tax profits from £956,000 to £1.38m in the six months to end-June. Turnover increased 21 per cent from £9.17m to £11.1m.

Earnings per share improved to 7.1p (5.9p) and the interim dividend is being increased to 1.8p (1.5p).

In view of the positive results, and in the absence of unforeseen circumstances, the board intends to recommend a final dividend of 3.6p, making a total of 5.4p (4.5p).

Mr Rod Aldridge, chairman and chief executive, said the company owed its success to its innovative range of services, such as the marketing for the Driver and Vehicle Licensing Agency of personalised vehicle registration plates and a computerised revenue collection service for local authorities.

It had been board policy to manage the balance sheet prudently, without incurring borrowings for working capital or acquisitions, and at the 1990 year-end the group had cash balances of £3m.

However, Capita had proposals outstanding for 24 contracts with a total value of £49m over five years.

In anticipation of securing a number of these the board considered it important to strengthen the group's capital base to enhance its standing with potential and existing customers.

DTI blames Rotaprint bosses, bank and auditor

By Jane Fuller

A DEPARTMENT of Trade and Industry report on Rotaprint, the maker of printing equipment liquidated in 1988, has criticised its management, its auditor and its merchant bank.

The inspectors did, however, find that initial concerns, including the possibility of insider trading by directors, were not justified.

They also said that investors who paid high prices for Rotaprint shares in 1987, before the October market crash, had simply failed in their speculation.

In the spring of 1986, Rotaprint launched a £2m rescue rights issue and placing – at ½p per share – put together by its new top management team, Mr John Crates and Mr Charles Howe, former executives with Crystalate, the electronics group.

Losses were cut and in 1987 the share price rose to 18p, although Mr Crates tried to dampen speculation. By February 1988 the financial position had deteriorated.

The shares were suspended at 4p and the receivers were called in.

The DTI inspectors, Ms Mary Howarth Arden and Mr Geoffrey Newton Lane, criticised the management for inadequate accounting systems, a serious weakness in computerised stock control, failure to appoint a non-executive director and being slow to realise that Rotaprint had no real chance of rescue.

Arthur Young, the accountancy firm, was criticised for failing to qualify the 1987 audit report because of uncertainty over whether Rotaprint was a going concern.

And Robert Fleming, the merchant bank, had failed to advise the directors fully in December 1987 over the possibility of a non-underwritten right issue and the associated effort to find new management.

The investigation, launched in August 1988, applied to Rotaprint plc – not to Rotaprint Industries, bought from the receivers by two other directors.

The inspectors found that the receivers from Cork Gully had considered the competing bids for the business with due care.

Tight cost control helps LWT improve profits by 7%

By Raymond Snoddy

LWT (Holdings), the London weekend ITV company, has beaten the gloomy trend in television company results with a 7 per cent increase in pre-tax profits for the half year to June 30.

Profit of £9.76m, after Exchequer levy and interest compared with £9.14m in the same period last year.

The increase was achieved despite an 8 per cent fall in advertising revenue and a drop in overall turnover to £124m (£135m).

Mr Christopher Bland, chairman, said yesterday that the improved performance was due to "tighter control of overheads, lower operational costs, the lower incidence of transmission costs and lower interest and levy charges."

The company, whose programmes range from Cilla Black's Blind Date to Melvyn Bragg's South Bank Show, said yesterday that its operating profit before interest and levy at £47.7m was now 25.3 per cent of its net advertising revenue. This compared with 16.8 per cent in the case of Thames and 16.9 per cent for Central.

Mr Bland said he was confident that LWT would retain its franchise when the results of the competitive tenders were announced in October. LWT is opposed by London Independent Broadcasting, a consortium of independent film and television production companies led by Polygram, the record company.

The LWT chairman expressed concern about the future of the ITV network if the size of leaked bids were correct.

Mr Greg Dyke, managing director, said the proposed annual sum of £425m-£450m for the network was enough, but the Independent Television Commission had to insist that the money was spent.

Earnings per share after exceptional items were 6.7p (5.9p) basic and 5.8p (5.2p) fully diluted.

A dividend of 1.969p has been paid to holders of both preference and management shares.

Mr Quentin Price, media analyst at stockbroker James Capel, said yesterday that he had been expecting £6m for the six months and is forecasting £18m for the full year.

● COMMENT

Given the depths of the advertising recession LWT has increased its profits in the only way possible – by cutting costs. Greg Dyke even claims to have perfected cheaper ways of making programmes without damaging quality. By the end of the year most of the planned cost savings will have been realised. It is impossible to say anything about LWT's future until we know whether it is to have one or not. Its bid is one of the few not to have leaked so far, but it is likely to have been "sensible." This probably means that it has been outbid by LIB, although the industry is still betting on LWT surviving somehow. Even a "sensible" bid of about £30m a year would probably mean no profit in 1993. LWT is expected to have earnings of 11.3p a share for 1991, growing to 15p in 1992.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Capita §	int	1.8	Oct 7	1.5	-	4.5
Eve §	fin	6.5	Sept 17	6	9.2	8.5
Gibbon Lyons §	fin	4	-	4	6	5.9
Hilclare §	fin	0.5	Sept 21	1	0.5	1
Holders Tech §	int	2	Sept 16	2	-	6
Jacques Vert	fin	6	Oct 8	6	10	10
Lasmo	int	2.3	Oct 4	2.2	-	8.5
Lloyds Abbey	int	6.3	Oct 11	6	-	17
Mirror Newspaper	int	0.8	Nov 1	-	-	-
Radius §	int	0.9	Sept 27	0.9	-	2.7
St Andrew Tst	int	2.7	Oct 1	2.5	-	7.2
Tace	int	nil	-	3.25	-	11
Union Discount	int	11.5	Sept 2	11.5	-	35

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

S&P cuts rating on NHL

STANDARD & Poor's Corporation has cut the rating on National Home Loans' $600m euro-commercial paper programme to A-3, its lowest investment grade, writes Norma Cohen.

The rating agency said the move reflected the company's announcement on Monday that it had to seek an emergency liquidity line from a group of UK clearing banks.

S&P said it believes the loans will provide the group with adequate liquidity to meet current expenses, although the reduced funding flexibility might adversely affect operating performance. However, NHL's problems were largely the result of nervousness in the money markets rather than fundamental business problems, S&P said.

Gibbon Lyons falls

Gibbon Lyons Group, the USM company which serves the printing industry, reported a 31 per cent drop in pre-tax profits to £1.08m in the year to March 31 1991.

It also announced plans to raise £1.5m net by a placing and open offer on the basis of 1-for-4 ordinary and/or preference. The price is 80p and compares with 94p in the market on Tuesday night.

Earnings per share fell to 10.5p (14p). The proposed final dividend is 4p for a total of 6p (5.9p).

Radius declines

Taxable profits at Radius, the USM-quoted computer systems group, fell from £1.39m to £801,000 in the six months to May 31. The interim dividend is held at 0.9p. Turnover edged ahead to £14.7m (£14.5m) and earnings dropped to 1.71p (3.2p) per share.

Hilclare profit down

A slowdown in customers' orders in the last quarter and a higher-than-usual level of bad debts combined to cut the pre-tax profit at Hilclare by 40 per cent.

The group, a USM-quoted maker of electronic, security and lighting products, returned a profit of £194,000 in the year ended March 31 1991 (£322,000). Finance charges almost doubled to £111,000.

Earnings fell to 5.8p (8p) per share and the dividend is halved to 0.5p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 25.07.91: Pool purchase price £/MWh	Final Prices for Trading on 27.06.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.54	18.65	20.46
0100	15.53	18.45	20.28
0130	15.51	18.30	18.30
0200	15.51	18.45	20.28
0230	15.61	18.45	20.25
0300	15.51	18.30	18.30
0330	15.51	18.28	16.28
0400	15.51	18.28	16.28
0430	15.50	18.28	18.28
0500	15.50	16.28	16.28
0530	15.50	16.05	16.05
0600	15.50	16.05	16.05
0630	15.63	16.10	16.10
0700	17.54	18.82	20.42
0730	17.54	18.95	20.75
0800	18.61	21.12	22.97
0830	21.30	23.48	27.42
0900	21.09	25.76	27.76
0930	22.65	31.37	33.54
1000	23.39	31.46	33.87
1030	23.39	31.43	33.64
1100	21.30	33.19	35.45
1130	21.30	33.44	35.73
1200	21.30	33.59	35.91
1230	21.30	33.39	35.66
1300	21.30	31.81	33.47
1330	22.12	30.91	32.99
1400	21.30	25.81	27.74
1430	21.30	21.12	22.93
1500	21.30	21.11	22.91
1530	21.30	21.10	22.91
1600	21.30	21.15	22.96
1630	21.30	35.73	37.57
1700	23.20	36.80	37.96
1730	23.38	35.74	37.91
1800	22.65	21.10	22.90
1830	18.61	21.08	22.87
1900	18.61	21.00	22.83
1930	18.61	18.94	20.74
2000	19.50	18.92	20.72
2030	19.50	18.53	20.32
2100	18.02	19.50	21.32
2130	20.74	19.50	21.32
2200	20.74	19.50	21.30
2230	20.74	28.95	30.97
2300	19.50	21.51	21.51
2330	18.02	16.33	16.33
2400	18.02	21.51	21.51

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

PUBLIC WORKS LOAN BOARD RATES

Effective July 24

Years	Quota loans* EPt	Quota loans* Att	Quota loans* maturity§
1			10⅞
Over 1 up to 2	10⅞	10¾	10¾
Over 2 up to 3	10¾	10¾	10¾
Over 3 up to 4	10¾	10¾	10⅞
Over 4 up to 5	10¾	10¾	10⅞
Over 5 up to 6	10⅞	10⅞	11
Over 6 up to 7	10⅞	10⅞	11
Over 7 up to 8	10⅞	10⅞	11⅛
Over 8 up to 9	10⅞	11	11⅛
Over 9 up to 10	11	11	11¼
Over 10 up to 15	11⅛	11¼	11¼
Over 15 up to 25	11¼	11⅛	11⅛
Over 25	11⅛	11⅛	11⅛

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payments of interest only.

UK COMPANY NEWS

A pair of 24-carat ingredients in Monarch's crown

Kenneth Gooding weighs up the value of the mining company's new top management to shareholders

TWO SENIOR executives, who over 12 years helped build Gold Fields Mining Corporation (GFMC) into one of North America's lowest-cost and most profitable gold producers, have taken over the management of Monarch Resources, a small and troubled UK-quoted company.

GFMC was a wholly-owned subsidiary of Consolidated Gold Fields, the mining and industrial group acquired by the Hanson conglomerate in 1989. Then, some analysts suggested GFMC was worth about $1.5bn (£892.8m) and Hanson turned down offers of $1bn for it.

At that time Mr Michael Beckett was both the Cons Gold managing director responsible for exploration and mining and chairman of GFMC, while Mr Anthony Ciali was GFMC's vice-president, finance and administration.

Some of Monarch's big shareholders persuaded Mr Beckett to join as chairman in March and he recruited Mr Ciali as chief executive two months later. They have also hired Ernst & Young, GFMC's auditors, to replace Peat Marwick at Monarch. "This is no reflection on Peat, we just feel comfortable with Ernst & Young," says Mr Ciali.

Analysts would not be surprised – once the new team has settled in – to see more former GFMC people join Monarch, which has gold operations solely in Venezuela.

Indeed Mr Beckett and Mr Ciali admit that they have asked themselves whether it might be possible to build another GFMC. Some time in the future Monarch might provide that opportunity. But, as they will tell Monarch shareholders at the annual meeting on Monday July 29, there is much to be done first to put some stability back into their company's operations.

Monarch shareholders are shell-shocked at present. They have seen their shares, which reached more than 900p at the peak, plunge to only 68p in recent weeks. They have since recovered some lost ground to 105p after the market had considered the heavyweight qualifications of the new senior management team.

Monarch was floated in 1987 when some shares were placed at 295p to raise £6.6m. There was a rights issue of shares the following year at 525p to raise another £19.4m, quickly followed by a placement at 600p to add another £3m.

The recent collapse in the share price, which gives Monarch a market value of £14.9m, was sparked by the new management team's decision to make an extraordinary charge of $35.55m in the results for 1990. These also showed a pre-tax loss of $6.3m against a previous profit of $365,000.

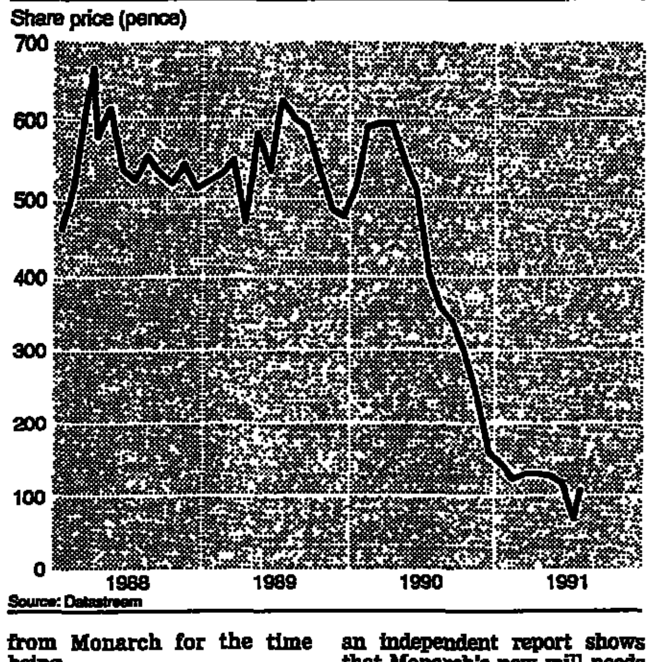
Mr Beckett says the charge related to the write-off of goodwill which arose from the issue of shares at the time of the flotation in exchange for interests in various mining concessions, mineral leases and contract service arrangements. The exploration results on certain of the concessions, as well as the operating results of the mill Monarch built in Venezuela, have been disappointing.

"These factors, along with the significant management and related business philosophy changes, contributed to the new board's decision to write off in full the goodwill balance because of the uncertainty as to the future recoverability of this asset from existing and planned operations," Mr Beckett adds.

He says Monarch's board has been streamlined – nine directors have resigned, leaving six, including the two newcomers – and this should speed up communications and decision-making. Cost-cutting has seen the London office shut (leaving one in Bermuda, where Monarch is registered, and two in Venezuela).

Mr Beckett, 54, spent 25 years at Cons Gold and he was left comfortably off when forced to sell his shareholdings to Hanson. He has waived his entitlement to emoluments from Monarch for the time being.

Monarch Resources



Source: Datastream

As at December 31, Monarch was debt free, had net current assets of $1.26m and cash of $1.85m. Cash-flow currently depends entirely on the performance of its Revemin tailings (waste) retreatment plant near El Callao.

Revemin is now operating satisfactorily and Mr Ciali says an independent report shows that Monarch's new mill needs little but routine maintenance to bring it up to scratch. The mill is one of the few in Venezuela's prime gold district, the Guayana greenstone belts, and Monarch is buying in ore from independent miners in the area to get a better blend of material for the mill.

Mr Ciali says the future growth and profitability of Monarch depends on the success of its exploration efforts – it has exploration concessions covering 37,000 hectares in the Guayana greenstone belts. Drawing on his contacts and experiences at GFMC, which discovered three first-class gold deposits in the US (which became the Ortiz, Mesquite and Chimney Creek mines), Mr Ciali hopes to help Monarch achieve a similar sort of success.

The new management team has the backing of Monarch's major shareholders (Industrie and Handelsbank Zurich, believed to hold shares on behalf of a wealthy German family, 26.16 per cent; and a group of influential UK and continental European investors believed between them to own 15 per cent.)

Shareholders are given a glimpse of the longer-term future in Monarch's new "mission statement" which says it "will continue to focus attention on Venezuela with an eye to diversifying gradually some of its efforts elsewhere in the Americas as opportunities and resources permit".

However, whether or not Monarch becomes a re-creation of GFMC, Mr Ciali suggests: "The shares might not be worth 900p each – but they are certainly worth more than the current 105p."

Eve Group avoids the worst but profit still slips by 11%

By Daniel Green

A STEADY FLOW of public sector and infrastructure work cushioned Eve Group, the USM-quoted contractor, from the worst of the recession last year. But slow going in construction reduced pre-tax profits by 11 per cent, from £4.62m to £4.11m.

The group's refusal to take on business at uneconomic margins cut turnover in the year ended March 31 1991 by 17.6 per cent to £46.6m (£56.6m). Earnings per share slipped from 31.4p to 29p; the final dividend is 6.5p for total of 9.2p (8.5p).

Mr Gerald Hough, managing director, said there was a buyers' market in construction. The group suspended development of commercial and residential property and saw no immediate prospect of restarting work.

Best performances came from the transmission division and Trakway, which supplies temporary roads and bridges.

The privatisation of clients in the electricity industry, which buy much of the group's transmission equipment services, had not affected demand. "A 10-year forecast of refurbishment work from the National Grid shows a strong workload," said Mr Hough.

The acquisition last year of an electrical contractor was partly behind a fall in net cash from £9.4m to £3.91m. Other factors included payment of tax for the previous year and purchase of plant. Interest receivable was only slightly lower at £1.05m (£1.39m) while stocks and work in progress jumped by 54 per cent to £4.96m.

Growth in sales of Trakway's products outside the UK was held back particularly by recession in France.

Prontaprint cuts back its non-UK activities

PERSISTENT losses at Prontaprint International has prompted its owner, Continuous Stationery, to close the non-UK activities. Contractual commitments in the Far East and Scandinavia will be met, writes Daniel Green.

Continuous Stationery's annual meeting yesterday also heard that the company had received a bid approach, and that first quarter trading had improved over the depressed second half of last year.

The shares responded by rising 4p to 41p.

Overseas closure costs combined with losses so far would mean that the total loss for the year in Prontaprint would be a repeat of last year's £300,000.

oftel
Office of Telecommunications

NOTICE UNDER SECTION 12(2) OF THE TELECOMMUNICATIONS ACT 1984

Proposed Modifications of the Conditions of the Licences of British Telecommunications plc ("BT") and Mercury Communications Limited ("Mercury")

Whereas the Director General of Telecommunications ("the Director") in accordance with section 12(2) of the Telecommunications Act 1984 ("the Act") gave notice on 7 March 1991 that he proposed to modify the Conditions of the Licences granted to -

a) British Telecommunications on 22 June 1984 ("the BT Licence"); and

b) Mercury on 5 November 1984 ("the Mercury Licence")

under section 7 of the Act for the running of the telecommunication systems specified in Annex A to each of those Licences, and representations and objections were received by the Director in respect of those proposed modifications;

And whereas, having considered those representations and objections, the Director has concluded that it would be appropriate for the proposed modifications to be made in a revised form;

Now therefore, in accordance with section 12(2) of the Act, the Director hereby gives notice that he proposes to make modifications of the Conditions of both the BT Licence and the Mercury Licence.

1. The principal modifications which the Director proposes to make, the effect of the modifications and the particular reasons why he proposes to make them are set out, as regards both the BT Licence and the Mercury Licence, in Schedule 1 below and, as regards the BT Licence only, in Schedule 2 below. The Director also proposes to make a number of minor and consequential modifications for the purposes of the principal proposed modifications.

2. The reasons why the Director proposes to make the modifications as a whole are to promote further competition in the provision of telecommunication services, to ensure that the regulatory arrangements provide for effective competition, including competition from new telecommunications operators who may wish to use the services and facilities of BT and Mercury, and to afford greater choice and quality of service and more competitive prices to users of telecommunications services.

3. The Director is required by section 12(2) of the Act to consider any representations or objections which are duly made and not withdrawn.

4. Representations or objections to the proposed modifications may be made to -
Mr G P Knight, Office of Telecommunications, Export House, 50 Ludgate Hill, LONDON EC4M 7JJ
no later than 27 August 1991.

Copies of the proposed modifications may be obtained from the above address (telephone 071-822 1665).

25 July 1991

SCHEDULE 1

Proposed Principal Modifications of Conditions of both the BT Licence and the Mercury Licence

(i) Interconnection of Public Networks

The proposed modification would enable the Director, if necessary, to ensure that the costs of interconnection were apportioned equitably between the operators of public networks to reflect the benefits to both parties; it would strengthen his enforcement powers if interconnection agreements were not being carried out effectively; and it would enable him, with a view to minimising delay, to determine standard terms for a class of similar types of interconnection. Special additional provisions, as described in paragraph (iv) of Schedule 2 below, would be made in relation to the BT Licence.

(ii) Equal Access

A limited form of equal access is available under existing Licence Conditions. The proposed modification would empower the Director to impose an explicit obligation on BT and Mercury to provide facilities for a more complete form of equal access, such that exchange line customers have greater opportunity to choose between competing long distance operators, to the extent that the Director has determined that it is justified on cost benefit grounds and he is of the opinion that sufficient arrangements have been made in relation to the pricing of BT's telecommunication services for the purpose of achieving fair competition. Those arrangements would need to relate to the scope for the rebalancing of BT's charges (as affected by regulatory controls) and any access charges payable to BT under Condition 19 or to Mercury under Condition 18. The Director would have the power to determine those terms and conditions relating to the equal access which BT or Mercury have, within a reasonable time, failed to agree, and he would also have the power to determine the manner in which the costs should be apportioned between the Licensee and the operator requesting access to ensure that the costs borne by that operator equitably reflect the benefits to that operator and its customers. The Director's power to direct the provision of equal access would take effect only after the end of 1992 and, in the case of Mercury, after Mercury had achieved a 25% share of the exchange lines in any particular locality.

(iii) Numbering

The proposed modification would allow the Director to establish a national numbering plan and to allocate numbers or blocks of numbers within that plan. The reason for this is that numbering arrangements are critical to the effective working of competition, and the allocation of numbers should not therefore be under the control of a particular operator or operators. The modification would also enable a limited degree of portability of numbers to be achieved, provided that was technically feasible and not disproportionately costly. Customers would be able to change from one network operator to another without changing numbers, if they were remaining in the same premises.

(iv) Access to Data Bases

The proposed modification would require each Licensee to allow access to its data bases by other operators of public telecommunication systems, on reasonable terms, for the purpose of dealing with directory enquiries and routing calls. The operators of interconnected networks would not be able to provide a complete service to their customers in the absence of such an obligation, and so would be unable to compete effectively.

(v) Essential Interfaces

The proposed modification would give the Director the power to specify essential interfaces which the Licensee shall make available in compliance with the appropriate European or other international standard. In the absence of such a standard, the Director would have the power to prescribe one. The reason for this proposed modification is to ensure that the interfaces in question have the characteristics necessary for the development of effective competition.

(vi) Provision of Private Circuits to Other Public Telecommunications Operators ("PTOs")

The proposed modification would require both BT and Mercury to provide private circuits to other PTOs on request, unless the Director was satisfied that any reasonable demand was, or would be, met by other means or that the PTO in question would be unduly reliant upon services provided by BT or Mercury, as the case may be, in satisfying its own licence obligations. The Director would have the power to determine that BT or Mercury, as the case may be, should modify any relevant published charge if he was satisfied that another PTO had established a prima facie case that it was unreasonable. The reason for this modification is to create a framework under which PTOs, including BT or Mercury, would not be required to provide their own circuits when it would be more efficient for the PTO in question to pay for BT or Mercury to provide them.

(vii) Financial Information

The proposed modification to the BT Licence would impose an explicit obligation on BT to furnish the Director, within 6 months of its financial year end, with statements showing its turnover, operating costs and profit, disaggregated to show those figures by types of service, together with a certificate from BT's auditor giving his view on the acceptability of the methods of allocation and the application of those methods for the preparation of the statements. The proposed modification to the Mercury Licence would impose similar obligations, but only in the event of an explicit request from the Director. The reason for the proposed modifications is to ensure that the Director receives adequate and timely information about services provided by the operators who have, or may achieve, a substantial share of the market or a particular sector of it, in order that he may use that information as a basis for regulatory decisions.

(viii) Metering and Billing

The proposed modification would require BT and Mercury to apply for approval (under section 24 of the Act) in accordance with a time-scale to be specified by the Director of meters of a description specified by him in use on a date specified by him. BT and Mercury would also have to apply for approval of meters of a specified description not in use on that specified date no later than a date further specified by the Director, or not less than six months before the Licensee in question intended to bring that meter into use, whichever should be the later. BT and Mercury would be prohibited from keeping in or bringing into use after a date specified by the Director any description of meter specified by him which is not approved or for which the Licensee in question has not made an application for approval.

Where approval is not granted or is withdrawn, the Licensee would be required to inform the Director of the remedial action it proposes to take and of the anticipated date of approval or of the programme for the cessation of use of that description of meter.

BT and Mercury would also be prohibited from rendering bills which were higher than was warranted by the extent of telecommunication service which the Licensee had actually provided. The Licensee would be obliged to have billing processes which would facilitate compliance by the Licensee with this billing obligation. The Licensee would be afforded a defence of having taken all reasonable steps to prevent a contravention of its billing obligations.

The Licensee would be obliged to keep records for the purpose of enabling the Director to check that the billing process met the requirements of the Licence.

Powers to require information and of examination, inspection and testing would be conferred on the Director so as to allow him to verify that the billing process met the requirements of the Licence.

(ix) Service Providers/Retailers

The proposed modification would require BT and Mercury to deal with retailers of their services on reasonable terms. It would give the Director the power to require BT or Mercury, as the case may be, to modify any charge, term or condition relating to the supply of telecommunication services to retailers if, following representations from a retailer, he was satisfied that it was unreasonable. The reason for the modification is to create a framework to enable retailers (if any emerge) to re-sell services, or to offer packages of services, which could reflect any discounts they were able to obtain as bulk purchasers from BT or Mercury.

(x) Notice of Price Changes

The first proposed modification would make it clear that charges, terms and conditions for new services should be notified to the Director at the time the service is first provided. A second proposed modification would require that where BT and Mercury notify price changes in accordance with the existing obligations in Condition 16 of the BT Licence and Condition 15 of the Mercury Licence by publishing a price list, the list clearly identifies the new prices and their operative date. The reason for the first proposed modification is to ensure that the Director is notified promptly of the prices charged by BT and Mercury for new services, and the reason for the second modification is to enable customers readily to identify price changes.

SCHEDULE 2

Additional Proposed Principal Modifications of Conditions of the BT Licence Only

(i) New Price Control Rule

There are two existing price control rules in Condition 24A of the BT Licence. The first rule limits the extent to which BT may increase, or obliges BT to reduce, the aggregate price of a "basket" of certain main services, in any year of the four years ending on 31 July 1993, to 4.5 percentage points below the percentage change in the Retail Prices Index (RPI) in the year to the previous 30 June. The services to which this rule applies are exchange line rentals and inland calls (except calls from public call boxes). The proposed modification would bring international calls (except from public call boxes) within the "basket" of controlled services and would limit the extent to which BT could increase, or would oblige BT to reduce, the aggregate price of this enlarged "basket" of services to 6.25 percentage points below the percentage change in the RPI for each year of the final 2 years, commencing 1 August 1991.

The second price control rule limits the extent to which BT may increase, or obliges BT to reduce, the aggregate charge for a "basket" of its main inland private circuit services, in any year of the three years ending on 31 July 1993, to the percentage change in the RPI in the year to the previous 30 June. The proposed modification would bring all BT's main international private circuit services within the "basket" for the final 2 years, commencing 1 August 1991.

The reason for the proposed extensions of the existing rules in the Licence is that BT's profits on its international services have increased significantly since the major review of the first price control rule in 1988, and the Director accordingly considers that BT's prices for its main international services should now be subject to control.

(ii) Alternative Tariffs/ Differential Charging

The first proposed modification would recognise explicitly that the offering of alternative tariffs, in respect of services provided either by means of BT's public switched telecommunications network or by means of private circuits, would not be regarded as undue discrimination (for the purposes of Condition 17) as between different classes of customers in respect of services provided by each of those means, provided that:

(a) the effect was to achieve greater uniformity of the ratios of the revenues accruing from the different classes of customer (in respect of services received by each of those means) to the incremental costs of providing the relevant services to those classes of customer; and

(b) neither service revenue by class of customer nor charges for any category of call are decreased below the incremental cost of provision.

The second proposed modification provides for the Director to issue guidelines, agreed with BT, which will specify, inter alia, the levels below which any charge or combination of charges may be set for the purpose of alternative tariffs, and will provide for the gradual introduction of such differential tariffs over a period of 5 years commencing on 1 August 1991.

The third proposed modification makes it clear that BT will be deemed not to have shown undue preference or undue discrimination in relation to differential charging, provided that:

a) the alternative tariffs comply with the guidelines;

b) the increase in the Median Residential Bill does not exceed the increase in RPI during the currency of the existing price control rules;

c) any increase in standard residential and single line business exchange line rentals or standard connection charges shall not exceed the percentage change in RPI by more than 2 percentage points during each year of that period; and

d) that the same charges for business customers with more than one line shall not exceed the percentage change in RPI by more than 5 percentage points during that period.

The reason for the proposed modifications is to make clear the extent to which BT may introduce differential charging in an increasingly competitive market, and to control the speed of change with the objective of promoting effective competition.

(iii) Notice of Price Changes

The proposed modification would require BT to provide individual customers, on request, with advance details of increases in exchange line rental charges, telephone call charges and Directory Enquiry charges. The reason for this modification is to give customers the opportunity of budgeting for their use of the telephone service.

(iv) Interconnection of Public Networks

The modifications outlined in the notice published by the Director on 7 March 1991 would have obliged an operator connecting with BT, in circumstances where the Director determined that BT's interconnection costs should be apportioned between BT and that operator, to pay to BT as part of that apportionment a contribution towards any losses incurred by BT in respect of the provision, use and maintenance of exchange lines ("the Access Deficit"). Having considered the representations and objections received by him in relation to the modifications originally proposed, the Director now proposes the modifications described below.

When calculating the interconnection charges payable by an operator interconnecting with any of BT's Applicable Systems, the Director would be able to determine that such operator should make no, or only a partial, contribution towards BT's Access Deficit. For wire-based operators this would apply only in respect of the first 10% of that operator's market share. Should however BT's market share fall below 85%, BT would be entitled to a full contribution towards its Access Deficit in respect of competitors' market shares in excess of 15%. Full access deficit contributions would be payable on traffic handled through equal access arrangements and on all interconnected traffic by competitors whose market shares had exceeded 25%. Additionally, in the event of restrictions affecting BT's ability to rebalance between call charges and rentals being removed, the operator would no longer be obliged to make any contribution towards BT's Access Deficit.

Where the Director determines any charges payable by BT to another interconnected operator he would be required to include terms and conditions appearing reasonably necessary to him to secure that any charge payable in respect of the conveyance of any message should cover (a) the operator's fully allocated costs of conveyance calculated on an historic cost basis (including a full contribution to relevant overheads) and (b) a reasonable rate of return on attributable assets applied to the relevant capital employed. In addition, the Director would have power to include in any such determination a requirement for BT to pay a contribution towards the access deficit of the operator not exceeding the operator's contribution to BT's Access Deficit.

The reason for this new proposed modification is to ensure an equitable distribution of costs between operators whilst promoting further competition.

UK COMPANY NEWS

MGN reports marginal rise since flotation

By Andrew Bolger

SHARES in Mirror Group Newspapers rose 5p to 102p yesterday after the company reported its first profit figures since flotation in early May, at 125p per share.

MGN made a pre-tax profit of £38.4m, or £42m on a pro forma basis, in the six months to June 30 which represents an increase of 1.4 per cent on the comparable period. Turnover was 5.4 per cent higher at £231.2m.

The company said advertising revenue increased marginally by 0.1 per cent to £76m, in spite of the recession which had badly affected most other sectors of the industry.

Circulation revenue, which was always sensitive to unemployment and recession, was up 7.5 per cent to £149.2m.

Mr Robert Maxwell, chairman of the company in which he retains a 51 per cent controlling interest, said the figures demonstrated that the aggressive anti-MGN campaign conducted by other newspapers was rooted in rivalry rather than fact.

Mr Maxwell said that the campaign, supported by some City analysts, had largely been the reason why the MGN share price had fallen below its launch price.

He was confident the fall was temporary and would be rectified when unbiased observers realised MGN's strengths.

MGN said revenue from its two daily titles, the Daily Mirror and its Scottish sister paper The Daily Record, benefited from cover price increases made in the last quarter of 1990.

During the second half of this year, cover prices would be increased again.

Although the combined market share of the two dailies declined 0.3 per cent to 30.8 per cent, MGN said the two titles consolidated their combined leadership of the UK popular paper market with an average daily sale of 3.719m copies, 26,000 copies ahead of the Sun.

Operating costs continued to be tightly controlled, as evidenced by a further increase in operating margins from 20.3 per cent to 21.3 per cent, and further improvements were expected.

Earnings per share were 10p, or 6.7p (6.1p) on a pro forma basis. An interim dividend of 0.8p per share, equivalent to 2.35p for a full six-month period, will be paid to shareholders on the register on October 1.

Income from associated companies fell from £7m to £3.8m, due to a substantial downturn in the results of Donohue, a Canadian forest products group.

MGN's other main investment is in Quebecor Printing, which reported substantially increased profits.

See Lex

Smooth operator makes connection with BT

Richard Lapper profiles a leading figure in life insurance who is moving into telecommunications

IT MAY seem strange that British Telecommunications has recruited its new group managing director from the ranks of the sleepy life insurance industry. But then Mr Michael Hepher, the 47 year-old boss of Lloyds Abbey Life, is no ordinary life insurer.

During the 1980s he has presided over one of the country's fastest growing unit-linked life insurance companies and then been the architect of its merger with Lloyds Bank, a deal which has produced one of the most successful examples of the way in which sales links between banks and insurers can boost the profitability of both parties.

"He is the visionary within the group," says Mr Alan Richards of James Capel, "and one of the few charismatic people in life insurance."

Fellow analyst Mr Alan Curtis of Barclays de Zoete Wedd adds: "He was certainly one step ahead when he made the move with Lloyds . . . Lloyds Abbey is now the envy of the industry."

Although Mr Hepher has been tipped as a possible successor to Mr Brian Pitman as chief executive of Lloyds Bank, yesterday's announcement came as something of a surprise.

Mr Hepher himself said that British Telecom's approach in April had been a "bolt out of the blue" but that eventually he had decided "almost to my own surprise" that he "wanted a crack" at running Britain's largest company for the next decade. "This is an unprecedented opportunity to do something quite different."

At BT Mr Hepher says his role will be to "run the business worldwide," while the emphasis for Mr Ian Vallance, the chairman and chief executive, will be on strategy and external issues.

Mr Hepher expects one of his main priorities to be ensuring continuing improvement in service for BT's individual and business customers. "BT has made more progress on service than we often give them credit for, but there is always more to do."

A trained actuary, Mr Hepher has spent all his working life in the life assurance industry, working with Provident Life Association before moving to Canada in 1966. At the age of 31 he became president and chief executive of Maritime Life of Nova Scotia, before being invited in 1979 to move back to Britain to manage Abbey Life by its then owners, ITT.

Abbey Life was a company in decline, with a poor record for customer service. Strong growth during the 1980s in the market for unit-linked life policies – which Abbey had pioneered in the 1960s – together with tough management of expenses helped start the recovery.

Mr Hepher introduced advanced information systems at Abbey Life in advance of much of the rest of the industry and superintended the group's flotation in 1985.

But his far-sighted distribution strategy was the single most important ingredient of success. Mr Hepher pressed ahead with plans to build up the company's sales force at a time when many in the life insurance industry sold their products via independent intermediaries. By the end of the decade Abbey Life's sales force had grown from 1,500 to 3,000.

In the aftermath of the Financial Services Act in 1986, which prompted a big shrinkage in the number of intermediaries, other companies have followed the lead. But as one colleague puts it: "Michael's inspiration was to realise the importance of distribution so early. In 1979 no one in the life industry would have said that distribution mattered so much."

Mr Hepher has proved to be similarly ahead of the industry in his enthusiasm to exploit the possibilities of selling life insurance and pensions to a bank's customer base.

He was an enthusiastic advocate of the merger of Abbey Life and Lloyds bank, which was finally achieved in 1988.

Salesmen selling insurance to bank customers are able to get leads for potential sales more cheaply and have a higher "hit rate," says Mr Curtis of Barclays de Zoete Wedd. "That means higher profit margins."

Mr Hepher says that an insurance salesman selling policies to existing bank customers – "warm leads" provided by a bank – can sell three times as many policies as a salesman selling insurance via "cold calls."

Sales of life and pensions premiums by Black Horse Financial Services, the subsidiary which focuses on Lloyds Bank customers, grew by 18 per cent in the first six months of this year.

At a time when life insurance sales have been flat this seems to prove the point. Meanwhile the market, which was at one stage critical of the price at which the 57 per cent stake in Abbey Life was sold, appears to have been won round.

According to Mr Richards "the market's doubts over the merger dissipated last year."

The share price, which was down to 290p last September, closed yesterday at 410p.

Colin Beere

Michael Hepher: sees role as running business worldwide

COMMONWEALTH BANK OF AUSTRALIA
(formerly the Commissioners of the State Bank of Victoria)
US$ 300,000,000 Guaranteed
Floating Rate Notes due 1996

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from July 25, 1991 to January 27, 1992 the Notes will carry an interest rate of 6¼% per annum.

The interest payable on the relevant interest payment date, January 27, 1992 will be US$ 322.92 per Note of US$ 10,000 nominal and US$ 8,072.92 per Note of US$ 250,000 nominal.

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CONTRACTS & TENDERS

RICE EXPORT CORPORATION OF PAKISTAN (PVT) LTD
FINANCE & TRADE CENTRE, 4TH FLOOR, BLOCK-A, SHAREA FAISAL, KARACHI (PAKISTAN)
Telex No.23706 RECP PK

NO. RECP/EXP/1(31)/91 DATED 16-07-91
TENDER NOTICE FOR EXPORT OF RICE

Tenders are invited on prescribed form for export of 2,000 tonnes Pakistan Long Grain Irri-6 Sindh Brown (Cargo) rice, with 7% brokens of 1990-91 crop, on usual terms and conditions.

Tenders will be received in the office of the Corporation up to 11.00 a.m. on THURSDAY, 8TH AUGUST, 1991, and will be opened immediately thereafter. One representative of each tenderer may be present at the time of opening of tender.

Tender forms can be contained from Commercial Counsellors of the Pakistan Embassies/Missions. Conditional tenders and tenders for part quantities will not be considered. RECP reserves the right to accept or reject any or all tenders without assigning any reason.

Manager (Exports)
Phone No: 517882

NOTICE

The Ministry of Transport of the Republic of Bulgaria informs that the Tender Board in charge of the international Tender for the completion and operation of the Kalotina - Kapitan Andreevo section of TEM (Trans - European Motorway) on the territory of Bulgaria at its meeting held on July 17, 1991, after consideration of the requests and suggestions to extend the Tender's terms, received from foreign companies, has decided: The terms and conditions initially made public in the invitation to Tender are amended as follows:

1. The Tender documents shall be on sale until August 23, 1991.
2. The Tenders shall be accepted until 12.00 o'clock on October 25, 1991.

All other terms and condition for participation in the Tender remain the same. (See p.11, FT dated 01.07.91)

Address for contacts, purchase of Tender Documents and submission of Tenders:
Ministry of Transport
Secretary of Tender Board, Room 1102
9, Levski Street, Sofia, 1000, Bulgaria
Telephone: +359-2-872862 Fax: +359-2-885094
Telex: 23200MT & 23208MT

COMMODITIES AND AGRICULTURE

Iraq's return of Kuwaiti gold 'will add liquidity'

By Kenneth Gooding, *Mining Correspondent*

THE COST of borrowing gold is likely to fall following Iraq's decision to return 3,216 gold bars looted from Kuwait's central bank during the Gulf war, analysts said last night.

If the bars are of standard size and 400 troy ounces each, the gold to be returned "within two weeks" adds up to 1.286m ounces or 40 tonnes.

Analysts said it was unlikely that this would all be kept in Kuwait City vaults and a good proportion would find its way to the world's main bullion centres. This would enable it to be lent, swapped or used for future loans by Kuwait, thus adding to the liquidity of the gold market and making borrowing bullion cheaper.

Analysts suggested extra liquidity had the effect of holding back any potential "spike" in the price because anyone urgently needing gold could borrow some cheaply.

Gold closed in London $1.80 down at $366.05 last night. Traders said it was reacting to a fall in silver and platinum prices rather than Iraq's decision.

Platinum lead the way down amid market talk that one large operator might have sold as much as a tonne in Far Eastern markets overnight. In London platinum closed $7.25 an ounce down at $370.25.

Silver lost 19 cents an ounce to close at $4.115 after figures for US durable goods orders for May were revised downwards, thus suggesting that the States might not, after all, be recovering from recession. Silver's recent rise has been on the back of optimism about a US economic recovery.

Vanadium row reverberates

By Kenneth Gooding

A REMARKABLE row between Highveld Steel & Vanadium, the South African group that dominates the vanadium industry, and a small Australian company that expects to start up that country's first vanadium mine in 1993, is reverberating across the Indian Ocean.

Vanadium is classified as a strategic metal and is used mainly to add strength to structural steel. The industry is plagued by excess capacity and Mr Lesley Boyd, chairman of Highveld, which dominates the market, says the proposed Windimurra project in Western Australia is likely to go the same way as the Windowie mine in the same State, which opened ten years ago but closed within two years.

Mr Roderick Smith, chairman of Precious Metals Australia, which owns the Windimurra project, says this is a misleading suggestion and takes Mr Boyd to task on several other issues.

He points out that the failed Windowie project was exploiting a complex bauxite ore containing vanadium for which it was necessary to develop a totally new extraction process. The project failed because that process did not work.

Windimurra's ore, on the other hand, is a magnetite type and the same as exploited in South Africa by Highveld. "The fundamental difference is that PMA has a soft, weathered ore whereas Highveld is mining a very hard, fresh material," says Mr Smith.

But Highveld's Mr Boyd disputes PMA's assertion this hard material makes Highveld's crushing and grinding costs higher than those faced by the Australian company. These costs are "absolutely minimal", he says.

Mr Smith insists, however, that PMA's detailed analysis of the South African industry's costs show that crushing and grinding the ore accounts for 23 per cent of total costs. Another 47 per cent of the costs relate to the ore roasting process. "PMA is highly competitive – its mining, crushing and grinding costs will be lower because of the nature of the Windimurra ore, it has the advantage of its own coal supply to fuel a roaster and it has access to low cost, by-product oxidant from the Kwinana refinery for using in the salt-roast process," he adds.

Backing his assertion that the PMA project is probably doomed, Mr Boyd highlights the fact that two of the three most recently opened vanadium projects have since closed and the third is in serious financial difficulty. Mr Smith is not impressed. He says: "It endorses my company's argument that much of the industry's existing capacity is high cost and has to close. PMA merely seeks to utilise its low cost structure to take advantage of the opportunity presented as high cost producers fall by the wayside."

Mr Boyd argues that it is much less risky to produce vanadium as a by-product than from mining primary ore. Mr Smith points out, in response, that Highveld is not a by-product producer. It produces a slag containing 20 per cent vanadium "which then has to be shipped to Europe for treatment by the same salt-roast process that PMA will use".

Drought cuts Brazil's tobacco output

By Victoria Griffith in Sao Paulo

THE DROUGHT that hit Brazil's southern states this year is causing a severe tobacco shortage, with production down 10 per cent on the 1990 level.

Total production this year will be just 330,000 tonnes compared with 365,000 tonnes in 1990, according to the tobacco growers' union in Rio Grande do Sul and the Brazilian cigarette group Souza Cruz. The shortage has put a dent in Brazil's tobacco exports; some 160,000 tonnes will be exported this year, compared with 180,000 tonnes in 1990.

Souza Cruz said it had tried *to purchase tobacco abroad*, but was not able to find any available stocks. "We couldn't find any suppliers," said Mr Juarez Kothe, head of the company's agriculture division.

Mr Kothe said Brazil's internal shortage had been exacerbated by the price freezes of the inflation-fighting Collor Plan. Cheaper cigarettes had increased internal demand. "Demand has increased at a time when supply has diminished," he said.

"The crop here was damaged first by excessive rains, then by the drought," said Mr Helio Fensterseifer, president of the tobacco union.

Tight agricultural credit in *Brazil also affected supply*, according to Mr Kothe. "A lack of financial resources hit the tobacco farmers hard," he said, "since many of them are small producers."

With the shortage pushing up internal prices, however, the market is predicting a larger crop next year. "We are planting the crop now," said Mr Fensterseifer, "and should be able to produce 400,000 tonnes next year." According to Mr Kothe, the government's new credit package for small farmers should also help to ease the shortage.

"I think by next year, we should be able to balance demand and supply, both internally *and in the international* markets," he said.

Shortfalls threaten Caribbean sugar markets

Talks on protecting quotas have begun with the US and the EC, writes **Canute James**

FOLLOWING repeated failures to produce enough to meet supply allocations in preferential markets, Caribbean sugar exporters have asked the European Community and the US not to cut their quotas.

Caribbean governments have started talks with their two biggest customers in an effort to protect their quotas despite the shortfalls that have occurred in recent years.

The Caribbean Development Bank, in its latest report on the performance of the region's commodity exports, says sugar exporters are faced with reduced access to the preferential markets because of production shortfalls.

"We view this decline in production as being temporary, given the measures which have been undertaken by a number of sugar exporting countries," argued Mr Seymour Mullings, Jamaica's agriculture minister and outgoing chairman of the committee of agriculture ministers of the Caribbean Community.

"Consequently, we are asking the United States and the European Community not to initiate any action towards the reduction of quotas from Caribbean sugar exporting countries," he said.

Mr Mullings said that negotiations, which he described as "meaningful", were underway with the EC. The talks, he said, were intended "to draw the EC's attention to the critical situation facing our sugar producing countries and the region as a whole".

In its report, the CDB said that raw sugar production by the Caribbean Community producers in 1990 totalled 648,000 tonnes, 18 per cent higher than in 1989. The producers are Guyana, Trinidad and Tobago, Barbados, St Kitts, Jamaica and Belize.

"Despite this overall improvement, Barbados, Guyana and St Kitts failed to meet their US quotas by a total of 44,000 tonnes," the bank reported. "Guyana also declared a shortfall with respect to its 1989-90 EC quota."

The bank said Guyana's production last year fell 21 per cent, while St Kitts' declined by 40 per cent, mainly because of labour shortages, industrial disputes and poor weather.

"With the passage of the 1990 Farm Bill through the US Congress and the resultant extension of protection of US sugar growers for an additional five years," the CDB suggested, "Caribbean producers could be faced with further cuts in their US quotas."

Guyana's EC quota is the most endangered. In 1989 the government declared a 35,000 tonnes shortfall on its EC quota of 167,000 tonnes. Its plea of *force majeure* was accepted, as it was the previous year when another shortfall, of 13,000 tonnes, was declared.

There are clear signs that this year's shortfall to the EC will be considerable higher, and that the 16,400 tonnes quota to the US is endangered. Forecasts have put Guyana's production this year at about 120,000 tonnes, 10,000 tonnes less than last year's actual output.

The industry in Barbados is also in trouble this year. Production in the season that ended last month was 65,774 tonnes, 4,000 tonnes below last year's and the lowest in 60 years.

The CDB also indicated that there are fundamental changes in the industry in the region that are having a more profound effect on production. It said output last year was below the levels of the 1970s.

"Reduction in the area under sugar-cane cultivation in many of the countries, especially Barbados, Belize and Trinidad and Tobago, were in line with their economic diversification strategies," the bank's report said.

"In addition, persistent labour disputes and labour shortages, compounded by the dynamism of tourism and, *more recently*, the construction sector, have contributed to decreased performance."

While struggling to retain their markets for sugar, Caribbean countries continue to be worried about the future of their banana trade, particularly with the EC. Mr Mullings said the discussions that are being held with the community cover the banana industry "which is also facing an uncertain future as Europe gears to become a single market from 1992".

The bank said the region's exports last year reached 365,000 tonnes, 13 per cent higher than 1989. "This factor, together with favourable movement in the exchange rate of sterling, contributed to an overall *increase* in export earnings."

It warned, however, that regional producers would have to deal with two concerns in trying to retain preferential access to the UK market – an improvement in quality and an increase in productivity and efficiency. "Improvements in productivity and efficiency are critical for the Caribbean to compete effectively in the unified European market or on the wider world market," the bank said.

A RUSH by Japanese traders to buy South American sugar has curbed strong demand in the Far East sugar market sparked by a shortage of supplies from traditional sources, trading house officials said, reports Reuters from Tokyo.

"Japanese traders, who have been eagerly seaching for alternative sugar sources, are *now importing from South American sources* such as Brazil, Guatemala, Colombia for the first time in nearly 10 years, as well as from Cuba," said Mr Hiroyuki Minagawa, managing director of the *Toshoku trading* house."These new supplies have cooled down the panic buying and soaring premiums in the Far East," he addded. Supplies of Far East raw sugar have grown thin, because of reduced supplies from Thailand, resulting mainly from heavy shortcovering demand by *French trading house* Sucrés et Denrées, traders said. Thailand has also been moving to produce more white sugar on its own.

Ireland woos Europe's discerning beef eaters

Kieran Cooke reports on the launch of a premium quality labelling scheme

WHAT'S IN a name? In the case of Irish beef, an extra 25 pence in the pound. That is the premium the Irish Meat Board hopes European consumers will be prepared to pay for cuts bearing the "Quality Irish Meat" label.

The board has launched a quality assurance scheme for the country's beef products, which it is hoped will make Irish meat the top choice for European consumers. The label, complete with shamrock logo, will identify what the board says will be cuts of superior meat on supermarket shelves. What the Yves St Laurent label is to clothes and the Ferrari badge is to sports cars, so, the theory goes, the Irish shamrock will be to beef products.

Mr Patrick Moore, chief executive of the board, says that Ireland's agricultural sector must become more market orientated. "In Ireland we have twice as many cattle as people. Eighty per cent of our agriculture is geared to the production of milk and beef - both of which face declining world demand," says Mr Moore. "We've got to be aggressive and innovative about selling our products. If not, then the future is very bleak."

The "Quality Irish" scheme lays down strict standards and procedures for beef production, processing and marketing. The beef processed must come from selected prime steers and heifers and be treated separately to other products. Farmers producing for the scheme must supply extensive details on animal welfare, feeding and veterinary care. Special attention will be given to storage and transport of the product.

"Irish beef already has a high reputation in Europe" says Mr Moore. "Nearly all our cattle are "free range" and not farm factory produced. This scheme seeks to exploit Ireland's clean and green image."

The board says this new "quality" beef will sell on European supermarket shelves for a 25 per cent premium. "Our market surveys have shown that consumers are willing to pay more for guaranteed quality," says Mr Moore. "European consumers might be eating less meat but they are now demanding higher standards."

The new scheme is being launched against the background of a crisis in the Irish beef sector. In the 1970s the *European Community* was a ready market for Ireland's beef products. But over the last 10 years EC consumption has fallen by 6 per cent. Meanwhile EC beef production has increased, mainly because of the cheap import of calves from Eastern Europe and the slaughter of dairy cows because of restrictions imposed by EC milk quotas.

Ireland is heavily dependent on overseas sales of beef, worth nearly I£1bn annually and accounting for about 7 per cent of total exports. Irish producers, notably the Goodman Group (now at the centre of a public judicial enquiry into allegations of fraud and malpractice in the Irish beef industry) have had considerable success in marketing beef outside the EC, mainly in the Middle East. In 1989 Iran, Iraq and Egypt accounted for more than 35 per cent of Irish beef exports in value terms.

Sanctions and the economic chaos caused by the Gulf war have stopped any hope of renewed beef exports to Iraq. Though Ireland has a very low incidence of cattle disease, the Iranians continue to be worried about BSE, or "mad cow disease", in the EC and are importing their beef from other sources, including China and *Hungary. Meanwhile Egypt* has placed strict economic restrictions on further beef imports.

Till now Irish producers, faced with no market for their beef, have been saved by the EC intervention system. Last year Ireland exported 365,000 tonnes of beef, 230,000 of which was sold into EC intervention. The beef intervention stockpile is now approaching a record 1m tonnes. More than 25 per cent of which originated in Ireland.

Reform of the Common Agricultural Policy will mean radical intervention cutbacks. In future the intervention "safety net" will no longer be there. Moreover, Irish beef exports to markets *outside* the EC have been largely dependent on payments of EC export subsidies for such sales: again these are being cut by Brussels.

Some glimmer of hope is offered by sales to Libya, though these will be mainly of *live cattle and not* the more profitable processed beef products. But there is gloom throughout the industry. Already farmers report falling prices for their beef. With the main cattle "kill" of the year due to begin in six weeks, there are predictions of a price collapse over the coming months.

"The only thing for Irish producers to do is to exploit the European market," says Mr Moore. "In the early 1980s Irish beef had a 63 per cent share of the EC beef market. That's now down to 45 per cent. Clearly we can solve at least some of our problems by better marketing."

No one is expecting the success of the new "quality" scheme to dispel the gloom haunting Ireland's beef industry. That will only come about with a fundamental restructuring of the whole agricultural sector. But at least increased *sales of shamrock branded beef* might be salvation for some.

WORLD COMMODITIES PRICES

MARKET REPORT

Nickel prices continued to retreat on the LME, closing at six-week lows. The fall reflected bearish charts and fundamentals. Dealers said the recent technical tightness for August had eased, as seen in the increase in LME stocks. Technically, the market is looking oversold, but falls towards $8,100 a tonne for three-month metal are possible. However, the market is likely to remain cautious ahead of the August 21 labour contract expiry at Falconbridge's Sudbury plant. Copper prices were easier, but further falls could be checked by caution ahead of tomorrow's strike vote at Chile's El Teniente mine, while there is also some background concern over political unrest in Zaire, dealers said. Aluminium prices were also down, but three-month metal found support at $1,300 a tonne. The lower levels attracted fairly widespread trade buying and short covering interest. However, a further large increase in LME stocks is expected tomorrow. Tin closed at five-week highs, the rise prompted by talk of problems at Billiton's tin/lead smelter in Arnhem, Netherlands. A spokesman said there were no difficulties, but some traders said talk continued to circulate about possible problems at the plant, which produces around 4,000 to 6,000 tonnes of tin a year.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.00-6.10u	-.225
Brent Blend (dated)	$19.25-9.35u	-.275
Brent Blend (Sep)	$19.30-9.35	-0.25
W.T.I. (1 pm est)	$21.15-1.20u	-0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$241-243	-1
Gas Oil	$184-185	-3
Heavy Fuel Oil	$72-74	
Naphtha	$190-192	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$366.05	-1.80
Silver (per troy oz)♣	411.5c	-19.0
Platinum (per troy oz)	$370.25	-7.25
Palladium (per troy oz)	$94.00	-1.5
Copper (US Producer)	103.4	
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.51r	+0.10
Tin (New York)	285.0	+1.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.19p	-0.59*
Sheep (dead weight)†	118.07p	-2.62*
Pigs (live weight)†	65.56p	+0.71*
London daily sugar (raw)	$275y	+6
London daily sugar (white)	$328.0y	-5.0
Tate and Lyle export price	£274.0	+2.5
Barley (English feed)	118.5t	
Maize (US No. 3 yellow)	£180.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Aug)♥	53.25p	
Rubber (Sep)♥	53.75p	
Rubber (KL RSS No 1 Aug)	228.5m	
Coconut oil (Philippines)§	$482.5j	
Palm Oil (Malaysian)§	$360.0q	+7.5
Copra (Philippines)§	$310z	+15
Soyabeans (US)	£155x	+4
Cotton "A" index	80.20c	
Wooltops (64s Super)	382p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Dec t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug j-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Aug	248.00	236.00	260.00	237.00
Oct	204.40	206.60	210.00	204.40
Dec	193.40	189.20	191.20	186.00
Mar	191.40	190.20	193.40	191.20
May	193.80		192.00	
Aug	197.80		196.00	
White	Close	Previous	High/Low	
Oct	282.4	281.0	282.5	280.0
Dec	274.4	273.0	272.8	272.6
Mar	273.5	273.5	272.3	271.5
May	276.0	275.5	275.0	
Aug	273.0		273.0	
Oct	259.0		259.0	
Dec	254.0		253.5	

Turnover: Raw 968 (313) lots of 50 tonnes. White 807 (582)
Paris- White (FFr per tonne): Oct 1667 Dec 1626

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Sep	19.50	18.50	19.62	19.30
Oct	19.55	18.52	19.55	19.35
Nov	19.43	19.60	19.57	19.43
Dec	19.50	19.51	19.60	19.41
Jan	19.45	19.48	19.45	19.40
IPE Index	19.57	20.01		

Turnover 21776 (11637)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Aug	181.50	183.75	183.50	180.50
Sep	182.75	184.25	184.50	181.50
Oct	185.75	187.00	186.00	183.50
Nov	188.50	189.00	186.50	185.50
Dec	187.00	188.00	187.25	185.50
Jan	182.75	184.50	184.00	182.75
Feb	178.50	179.75	178.75	178.50
Mar	174.00	175.00	176.00	174.00
Apr	172.50	172.50	173.00	172.50

Turnover 9718 (11380)lots of 100 tonnes

WOOL
Further sales of Australian Wool Corporation stockpile have been reported by the Australian Wool Realisation Commission, set up to liquidate the 4.6 million bales accumulated under the discredited reserve price scheme. There is no clear indication yet on the method of disposal to be chosen. Australian sales are resumed next week and stockpile uncertainties continue to foster a cautious approach by trade users. British grown wool remains a relatively cheap commodity in world terms and demand led to a good sale in Bradford yesterday, with prices firm and an almost full clearance.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Jul	594	598	594	
Sep	607	617	616	606
Dec	644	656	654	643
Mar	682	693	691	682
May	702	716	712	700
Jul	723	736	730	724
Sep	743	755	750	744

Turnover: 3560 (2908) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 23 792.28 (779.59) 10 day average for Jul 24 773.25 (768.90)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Jul	520	525	522	516
Sep	535	544	542	534
Nov	555	564	563	555
Jan	572	580	579	572
Mar	588	594	590	585

Turnover:2523 (1761) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 23 : Comp. daily 64.17 (63.99). 15 day average 64.72 (64.77)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	105.0		105.0	
Apr	99.0	99.6	99.4	98.9

Turnover 306 (412) lots of 40 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Aug	128.50	124.00	128.50	
Oct	130.00	127.00	131.50	130.00
Dec	133.50	129.50	133.50	133.00

Turnover 267 (70) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jul	1500	1518	1530	1491
Aug	1512	1542	1550	1506
Oct	1598	1619	1630	1590
Jan	1610	1620	1625	1600
Apr	1623	1620	1620	
BFI	1499	1513		

Turnover 203 (154)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	115.10	115.00	115.10	
Jan	118.60	118.50	118.70	
Mar	121.65		121.60	
May	124.65	124.70	124.70	124.60
Barley	Close	Previous	High/Low	
Jan	117.00	117.00	117.10	
May	121.10		121.20	

Turnover: Wheat 58 (224), Barley 20 (46).
Turnover lots of 100 tonnes.

PIGS – London FOX		(Cash Settlement) p/kg		
	Close	Previous	High/Low	
Jul	88.5	89.5	89.0	88.5
Aug	88.5	89.5	89.0	
Oct	96.0		95.5	
Nov	97.0		97.0	96.0

Turnover:175 (71) lots of 3,250 kg

MGMI – London FOX				
	Close	Prev.	High	Low	Vol
Indx	137.55	139.43			
Sep	139.00	139.70	139.80	139.00	110
Oct	139.40	140.10	139.80	139.40	125
Dec	139.90	140.50	140.20	139.80	35

LONDON METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 25,381 lots
Cash	1268-70	1280-1		1264-6		
3 months	1301-2	1314-5	1314/1295	1297-8	1300-1	23,176 lots
Copper, Grade A (£ per tonne)						Total daily turnover 23,502 lots
Cash	1298-300	1319-20	1307/1295	1306-8		
3 months	1323-4		1338/1318	1330-0.5	1324-5	46,456 lots
Lead (£ per tonne)						Total daily turnover 2,610 lots
Cash	320-2	321.5-2.0	320	321.5-2.0		
3 months	322.5-3.0	333-3.5	333/331	332.5-3.0	330-1	3,107 lots
Nickel ($ per tonne)						Total daily turnover 2,063 lots
Cash	8255-60	8290-310		8270-5		
3 months	8265-75	8310-25	8300/8250	8285-90	8260-70	2,280 lots
Tin ($ per tonne)						Total daily turnover 1,819 lots
Cash	5710-20	5670-80		5700-5		
3 months	5800-5	5760-5	5830/5790	5785-90	5825-30	2,588 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,658 lots
Cash	1082-4	1061-3	1059	1058-9		
3 months	1077-8	1076-7	1081/1072	1073-4	1076-7	10,910 lots

LME Closing £/$ rate:
SPOT: 1.6935 3 months: 1.6730 6 months: 1.6586 9 months: 1.6454

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	*$ price*	*£ equivalent*
Close	365.80-366.30	
Opening	367.40-367.80	
Morning fix	367.00	217.456
Afternoon fix	366.00	215.929
Day's high	364.40-364.80	
Day's low	367.80-369.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.51	6 months	5.45
2 months	5.50	12 months	5.44
3 months	5.49		

Silver fix	p/fine oz	US cts equiv
Spot	251.25	423.10
3 months	258.20	429.45
6 months	264.65	426.05
12 months	277.85	450.70

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	366.00-367.00	216.00-216.50
Maple leaf	374.00-375.00	220.50-221.00
New Sovereign	88.25-89.25	52.00-52.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	91	129	3	11
1300	23	62	34	42
1400	2	23	112	101
Copper (Grade A)	Calls		Puts	
2100	132	142	10	46
2200	62	86	39	88
2300	22	46	98	148
Coffee	Sep	Nov	Sep	Nov
500	38	62	3	7
550	8	30	23	25
600	1	12	66	57
Cocoa	Sep	Dec	Sep	Dec
625	10	46	28	27
650	4	34	47	40
675	2	25	70	58
Brent Crude	Sep	Oct	Sep	Oct
1900	65	60	24	41
1950	36	57	46	60
2000	17	40		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jul	364.4	368.1	0	0
Aug	364.7	368.5	367.4	364.1
Sep	366.4	370.2	0	0
Oct	368.0	371.9	370.7	367.5
Dec	371.4	375.3	374.4	370.8
Feb	375.0	378.9	377.2	375.3
Apr	378.5	382.4	381.2	378.0
Jun	382.0	3385.9	0	0
Aug	386.8	389.8	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	364.5	377.3	375.0	365.0
Oct	368.5	380.8	376.0	367.5
Jan	372.7	385.0	379.0	372.0
Apr	376.6	388.9	384.0	372.0
Jul	380.5	392.8	0	0
Oct	387.5	389.9	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jul	396.4	426.0	429.0	400.0
Aug	398.5	426.0	0	0
Sep	401.0	429.0	425.0	400.0
Dec	407.7	436.4	434.0	407.0
Jan	409.2	438.2	0	0
Mar	418.3	444.5	440.0	413.5
May	420.4	450.0	445.0	436.0
Jul	425.6	455.6	450.0	426.0
Sep	431.2	451.6	0	0
Dec	440.2	471.0	464.0	444.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	98.85	99.25	99.20	98.65
Aug	99.05	99.80	99.40	98.80
Sep	99.05	99.50	99.35	98.50
Oct	98.70	99.15	0	0
Nov	98.40	98.85	0	0
Dec	98.10	98.50	98.35	97.80
Jan	97.65	98.05	97.90	97.90
Feb	97.30	97.65	0	0
Mar	96.90	97.20	97.10	96.70
Apr	96.45	96.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.31	21.32	21.45	21.10
Oct	21.25	21.24	21.34	21.06
Nov	21.20	21.19	21.25	21.01
Dec	21.11	21.09	21.15	20.90
Jan	20.90	20.97	21.00	20.84
Feb	20.77	20.85	20.88	20.74
Mar	20.65	20.73	20.73	20.65
May	20.45	20.54	0	0
Jun	20.40	20.49	0	0

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Aug	5800	5769	5805	5740
Sep	5910	5877	5915	5850
Oct	6010	5990	6030	5960
Jan	6225	6220	6240	6185
Mar	5815	5836	5850	5815

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	983	967	977	945
Dec	1022	1026	1037	1007
Mar	1067	1070	1083	1060
May	1101	1104	1105	1103
Jul	1125	1128	0	0
Sep	1145	1155	0	0
Dec	1183	1193	0	0
Mar	1229	1239	0	0
May	1255	1265	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	82.40	82.40	83.15	82.10
Dec	85.75	85.75	86.40	85.50
Mar	88.90	89.00	89.60	88.90
May	91.25	91.45	91.90	91.15
Jul	94.00	94.00	94.00	93.40
Sep	96.15	96.45	0	0
Dec	98.65	99.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.07	9.20	9.36	9.07
Mar	8.63	8.67	8.80	8.62
May	8.68	8.70	8.81	8.67
Jul	8.71	8.69	8.79	8.66
Oct	8.74	8.65	8.72	8.72

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	69.32	70.98	70.30	69.25
Dec	69.02	70.40	70.00	68.96
Mar	70.20	71.55	71.10	70.15
May	71.07	72.32	72.00	71.00
Jul	71.90	72.92	72.90	71.90
Oct	69.20	69.20	0	0
Dec	67.90	67.95	68.00	67.85

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	117.25	118.90	118.65	117.00
Nov	116.30	118.05	118.10	115.75
Jan	115.25	117.65	117.20	115.00
Mar	116.40	118.15	117.00	116.25
Jul	116.40	118.85	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
July 24	July 23	mnth ago	yr ago
1697.1	1694.0	1776.5	1798.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	July 23	July 22	mnth ago	yr ago
Spot	123.52	123.07	129.39	141.79
Futures	123.47	123.02	125.90	130.93

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	549/0	560/0	569/4	542/2
Sep	552/0	562/4	562/0	545/0
Nov	559/6	569/4	569/0	551/4
Jan	568/0	579/4	578/4	562/2
Mar	577/0	589/4	588/0	572/0
May	587/0	597/6	595/4	580/6
Jul	592/0	601/4	602/0	587/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	18.95	19.38	19.40	18.80
Sep	19.13	19.54	19.62	18.95
Oct	19.35	19.71	19.82	19.15
Dec	19.66	20.12	20.18	19.52
Jan	19.85	20.29	20.30	19.75
Mar	20.15	20.52	20.60	20.10
May	20.40	20.75	20.70	20.40
Jul	20.66	20.97	21.10	20.66

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	174.8	177.4	176.8	172.8
Sep	173.7	175.7	175.3	171.5
Oct	172.5	174.6	174.8	170.7
Dec	172.7	174.9	174.9	170.9
Jan	173.2	175.6	175.0	170.5
Mar	173.5	175.7	176.0	171.0
May	174.5	176.5	176.5	172.0
Jul	175.0	177.0	177.5	171.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	244/6	246/6	246/4	241/4
Dec	248/6	250/0	251/0	245/6
Mar	256/4	257/4	258/2	253/4
May	261/2	263/0	262/4	258/6
Jul	264/2	267/0	265/4	261/0
Sep	254/0	260/4	257/4	254/0
Dec	250/0	255/4	254/4	248/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	283/4	289/2	288/4	281/4
Dec	297/2	302/4	302/0	295/4
Mar	303/0	308/4	307/0	301/0
May	300/2	305/4	303/4	298/4
Jul	296/6	299/4	298/4	295/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	73.17	73.22	73.80	73.12
Oct	75.42	74.92	75.87	75.27
Dec	76.47	75.87	76.75	76.20
Feb	75.65	75.12	75.90	75.35
Apr	75.95	75.50	76.20	75.60
Jun	74.10	73.80	74.10	73.80
Aug	72.25	72.10	72.25	0

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jul	57.10	56.55	57.20	56.55
Aug	52.55	51.92	52.80	52.10
Oct	44.37	44.32	44.60	44.12
Dec	43.95	43.87	44.20	43.80
Feb	43.87	43.87	44.07	43.62
Apr	42.32	42.27	42.40	42.15
Jun	46.70	46.60	46.80	46.60
Jul	46.70	46.70	0	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	43.70	45.70	44.70	43.70
Aug	42.25	43.30	42.80	41.30
Feb	47.82	48.02	48.30	47.02
Mar	47.50	47.82	47.80	46.70
May	47.80	48.05	48.70	47.60
Jul	48.50	48.60	0	0
Aug	45.50	45.50	0	0

LONDON STOCK EXCHANGE

Modest profit-taking lowers equities

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Jul 15	Jul 29	Aug 12
Option Declarations:		
Jul 25	Aug 8	Aug 29
Last Dealings:		
Jul 26	Aug 9	Aug 30
Account Day:		
Aug 5	Aug 19	Sep 9

*New-time dealings may take place from 8.30 am two business days earlier.

AN ATTEMPT to extend this week's advance in UK equities quickly proved unsustainable yesterday in the face of downturns on Wall Street as well as on the other European bourses. However, the fall of 7.4 points in the FT-SE Index was not unexpected after the gain of 46 over the past two trading sessions, and the market's new-found optimism on economic recovery appeared undented, despite a bearish report from the Association of British Chambers of Commerce.

Equities opened lower, with some London strategists dismayed by Wall Street's loss of 130 Dow points overnight to well below the 3,000 mark. But within a quarter of an hour, another strong opening in the stock index market had reversed losses in the underlying stocks, albeit briefly. Optimism vanished as quickly as it had revived and shares were soon slipping lower in the absence of buying support. Another attempted rally ahead of Wall Street's opening was turned back when the Dow started the new session sharply lower; a later rally in New York, leaving the Dow only 2.68 off came too late for London.

At the final reading, the FT-SE Index was 7.4 down on the day at 2,580.5, giving credence to the view that the market has established a new trading floor at 2,550 plus. Trading volume remained high, although the day's Seaq total of 476.8m shares compared with 652.6m in Tuesday's very active session.

Statistics from the London Stock Exchange showed that retail, or customer, business in equities jumped to £1.2bn on Tuesday, well above recent averages and a welcome return to the levels regarded as profitable for the London securities industry.

Marketmakers were again very short of stock in London yesterday, and share prices were marked down readily in an attempt to frighten out a few sellers. Traders noted that the leading houses marked prices down suddenly in the final minutes of the session, hoping to pick up stock from investors nervous over Wall Street's prospects overnight.

A half-time loss and discomforting statement from Union Discount, the discount house, unsettled the sector and the implications of the £200m support arranged for National Home Loans continued to unsettle the broader range of mortgage-related institutions.

But property stocks, with fortunes closely linked to the outlook for domestic interest rates, came to life as recent property deals underpinned hopes that the worst of the sector's problems may now be behind it.

There was support for ICI, which discloses its half year profit figures today. A sharp fall is expected in profits at ICI, which still plays a role as a barometer of equity market confidence, but traders will be scanning the boardroom statement for confirmation, or otherwise, of hopes that the recession may be bottoming out.

There were some signs that interest was moving from the market leaders towards the second and third line stocks yesterday. However, traders agreed that the stock market was in a cautious mood and will be wary of advancing much further until the outlook for Wall Street becomes more certain. Total returns on the London market are already high by historical standards and fund managers may show themselves unwilling to chase share prices higher at present.

Heavy trade in Burton

TURNOVER in Burton expanded, particularly in the nil-paid shares, as a London-based investment house recommended that shareholders take up their rights in the recent £161m equity issue. "If Burton gets through the next 12 months without significant problems with its bankers then it could be an interesting recovery stock," an analyst said.

In the nil-paid shares, 18m changed hands as a US holding of 2.8m was placed with UK institutions. US shareholders are unable to take up their rights for regulatory reasons. In the ordinary shares, 10m were traded, boosted by an overnight 5m tax-related deal. Burton closed 1¼ lower at 34¾p, while the nil-paid declined 1¼ to 4¾p.

Property joy

The recent £67m sale of business park developments by Arlington Securities, property subsidiary of British Aerospace, which gained 10 to 564p, focused attention on the property sector. The deal came on the heels of a large sale last week by Slough Estates, up 18 at 268p, and after languishing for so long the sector followed the recent leaps by retail and construction stocks.

Some analysts felt the jump was overdone and perhaps premature. Mr Carl Gough of securities house UBS Phillips & Drew said: "The market is short of stock and one or two clients got a bit carried away with the two sales in the sector." He argued that the rises should prompt investors to sell out of companies with heavy exposure to London business property, such as Land Securities, up 9 at 509p on a turnover of 1.9m shares, British Land, 11 ahead at 296p on 2.3m, and Great Portland, 7 firmer at 206p.

Mr David Tunstall of Smith New Court also said the rises were "a bit too much too soon", but reasoned that MEPC had fallen so far against the market that its rise of 20 to 480p on a turnover of 1.1m was a genuine lift and the shares would continue to track the market.

Discounts upset

Union Discount became the latest casualty in the financial sector as the market reacted to much worse than expected interim figures by marking down Union shares. They dropped 120 to 302p, but the size of the fall was out of proportion to the level of trading in the stock. Only 129,000 shares changed hands, according to the Seaq ticker.

As recently as the end of June, Union warned that it was likely to record a loss of about £6.5m for the half year. The actual loss of £7.29m reflected, the company said, adverse trading conditions for the discount house at the end of the period.

Other discount houses suffered in sympathy. Gerrard & National lost 7 to 267p on turnover of 154,000, while Cater Allen shares, an extremely thin market – turnover was unavailable – were marked down sharply and closed 29 off at 325p. King & Shaxson, again a very narrow market where turnover was unavailable, slipped 7 to 111p.

National Home Loans, which precipitated a general bout of unease throughout the financial sector as the Bank of England and the eight clearing banks launched a £200m "lifeboat" to head off a liquidity crisis at the mortgage lender, settled even lower in the water, closing 3 down at 34p; turnover expanded rapidly, reaching 3.6m shares.

ICI was firmer on low volume ahead of today's interim results. Analysts are expecting profits of between £420m and £450m, against £733m last year, with no increase in the dividend, and the rise of 5 to 1307p was more of a readjustment than a sign of optimism. However, there are hopes that the company will make some announcement about reorganisation.

Guinness retreated 9 to 991p as Panmure Gordon recommended investors to switch into Grand Metropolitan, down a penny at 793p. Panmure believes that GrandMet, with its greater exposure in the US, will benefit from an early recovery from the recession, while Guinness may be adversely affected by slower whisky sales.

Food retailers were weak following James Capel's recent downgrading of Tesco.

Calor Group came under sustained downward pressure as a number of income funds switched out of the stock and into British Gas to obtain the latter's interim dividend, a payment of 8.75p net. Gas goes ex the payment on Monday.

The Calor share price fell 8 to 214p, with turnover of 365,000 given a substantial boost by the switching deals. British Gas eased 2¼ to 272½p on 5m shares traded as the stock met minor profit-taking after the recent substantial outperformance of both the oil and gas sector and the wider market.

Lasmo suffered from the effects of worse than expected interim figures, notably a disappointing dividend payment which, at 2.3p, compared with most forecasts of 2.5p a share.

The post-results analysts' meeting was described as unremarkable. Lasmo markedly underperformed and settled 12 lower at 348p on relatively heavy turnover of 1.7m.

The oil majors were held down by the prospect of a resumption of Iraqi oil sales and a dip in crude oil prices of around 70 cents a barrel. BP eased 2 to 345½p and Shell also lost 2 to 540p, but turnover in both cases was at relatively low levels.

British Telecom edged up 2 to 376½p on 6.7m amid general market relief that the dispute with Oftel had been resolved.

Courtaulds Textiles picked up 3 to 375p, making a gain of nearly 20p in two days.

Some determined Japanese and American-sourced buying interest was behind heavy turnover in some of the regional electricity distribution companies (Recs) and the power generators(Gencos).

Goldman Sachs, among the most influential of the US investment banks, recommended Manweb and PowerGen and highlighted the attractive earnings and dividends prospects of the "Recs" and "Gencos". National Power, responding to Japanese support managed a minor gain at 151½p with turnover reaching 13m, while PowerGen settled 3 higher at 159p, after 160p, on heavy turnover of 12m, sustained by the Goldman Sachs buying.

Interim figures at the lower end of the range of forecasts and news that Mr Michael Hepher, Abbey Life's chairman, is leaving the group to assume the role of managing director of BT, caused a tremor in Lloyds Abbey Life shares. They fell back to 403p on the results, later steadying to close a net penny off at 410p.

Specialists said the loss of Mr Hepher, "extremely capable and a great motivator of the Lloyds Abbey sales force", left "potentially a gap in the top management".

Switch recommendations hit Guardian Royal, 4 down at 175p, and Royal Insurance, 7 off at 397p, but some analysts said the sector had underperformed substantially in the recent past and was due a rally. A weak dollar upset Willis Corroon, the shares losing 15 to 312p.

Plastics and chemicals group Evode saw its second sharp gain of the week. Its rise of 5 to 55p on a high turnover of 3.7m, in spite of poor results announced on Monday, prompted one analyst to suggest that someone was building a stake.

Better than expected half-year results lifted Mirror Group Newspapers 5 to 102p. The company reported an increase in interim profits to £41.4m against £38.4m last year.

USM-listed publisher Metal Bulletin put on 3 to 174p on confirmation that Emap, the acquisitive magazine proprietor, had raised its stake in Metal Bulletin to 14.3 per cent after Tuesday's market foray. Emap was unchanged at 245p.

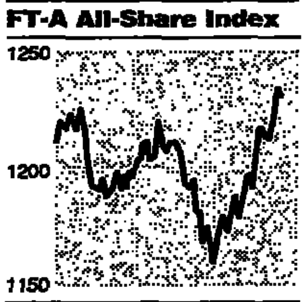
The announcement on Tuesday of Reuters' better than expected interim profits continued to help the shares, which rose 4 to 798p on a turnover of 881,000.

Pharmaceuticals suffered from a shift away from defensive stocks and into cyclicals, as well as from a weaker dollar. Glaxo was down 5 to 1270p. Fisons, also suffering from worries that its anti-asthma drug Tilade had still not received approval in the US, lost 6 to 499½p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jim McCallum, Steve Thompson

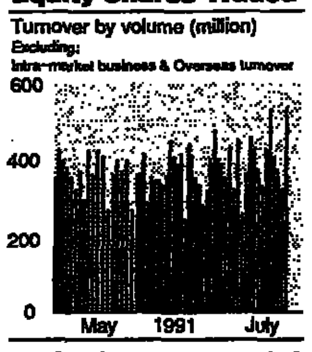
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	July 24	July 23	July 22	July 19	July 18	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.70	84.72	84.86	84.94	85.00	78.99	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.40	94.45	94.47	94.52	94.52	88.08	94.84 (5/4)	90.59 (2/1)	106.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1999.6	2006.1	1973.8	1959.5	1969.0	1865.7	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	198.6	203.4	210.0	212.9	212.6	188.2	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2580.5	2587.9	2558.5	2541.5	2547.3	2364.7	2587.9 (23/7)	2054.8 (16/1)	2587.9 (23/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1171.12	1178.52	1169.67	1164.67	1162.66	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.74	4.74	4.80	4.83	4.81	4.98				
●Earning Yld %(full)	8.33	8.32	8.43	8.48	8.44	10.98				
●P/E Ratio(Net)(☆)	14.78	14.78	14.59	14.51	14.56	11.04				
SEAQ Bargns 4.45pm	32,313	33,349	25,616	27,435	25,828	21,738				
Equity Turnover(£m)†	-	1204.09	742.29	926.52	880.93	865.99				
Equity Bargains†	-	33,180	25,357	27,049	27,086	21,032				
Shares Traded (ml)†	-	535.4	321.9	376.1	406.1	342.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 14.14

Ordinary Share Index, Hourly changes — Day's High 2006.6 — Day's Low 1999.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2001.8	2001.2	2006.4	2000.8	2003.0	2003.0	2003.3	2000.2	2000.6

FT-SE 100, Hourly changes — Day's High 2588.4 — Day's Low 2578.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2581.8	2582.1	2588.4	2582.3	2584.7	2585.8	2585.9	2581.1	2582.4

FT-SE Eurotrack 200, Hourly changes — Day's High 1178.32 — Day's Low 1170.48

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1176.19	1175.57	1174.30	1175.21	1174.21	1172.94	1171.20

GILT EDGED ACTIVITY

Indices*	July 23	July 22
Gilt Edged Bargains	92.6	84.8
5 – Day average	87.9	88.4

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	150	549	-2	Courtaulds	721	432		MB Caradon	1,100	249	+6	Severn Trent Water	1,600	349	+6
ASDA Group	3,000	82	-5	Dalgety	160	406	+3	MEPC	1,100	480	+20	Shell Transport	1,400	539	-3
Abbey National	2,800	297	-2	De La Rue	108	481		Manweb	701	282		Siebe	986	475	-2
Albert Fisher	530	118	+1	Dixons	2,600	238	+2	Marks & Spencer	4,400	283½	-½	Slough Ests	1,800	268	+18
Allied-Lyons	2,100	576½	-½	ECC Group	672	482	+8	Maxwell Comms.	654	160	-2½	Smith (W.H.) A	300	439	-1
Amstrad	2,000	52		Eastern Elect.	725	186	+2½	Midland Bank	617	193	-2	Smith & Nephew	5,000	136	+1
Anglian Water	240	381	+4	East Midland Elect.	937	202	+5	Midlands Elect.	83	206	+3	SmKl Beecham	2,800	832	-3
Argos	530	324	-3	Enterprise Oil	1,300	535	-2	NatWest Bank	2,000	318	-4	SmKl Beecham Uts.	530	3560	-20
Argyll Group	3,200	314	+1	Eurotunnel Units	94	455		National Power	13,000	151½	+½	Sothebys Inds.	1,100	285	+2
Arjo Wiggins	2,400	284	-4	FKI	1,300	69½	-1½	Next	4,500	30½	+½	Southern Elect.	436	203	+6
Ass. Brit. Foods	498	535	+5	Ferranti	583	8	+½	North West Water	298	378		South Wales Elect.	112	255	
[illegible]				[illegible]				[illegible]				[illegible]			
British Land	2,300	296	+11	Hill	845	246	-2	Redland	135	337	+1	Unilever	867	780	-3
BP	2,200	345½	-2	ICI	819	1307	+5	Reuters	881	798	+4	United Biscuits	1,000	395	+2
British Steel	3,000	123	-3	Inchcape	501	381	+5	Rolls Royce	7,000	153	-2½	Utd. Newspapers	190	368	-3
British Telecom	6,700	376½	+2	Kingfisher	998	535	-3	Rothmans	201	1044	-9	Wellcome	407	725	-4
Bunzl	272	87	-1	Ladbroke	2,600	287		Ryl Bk Scotland	309	192	+1	Wessex Water	171	397	+8
Burmah Castrol	365	559	-4	Land Securities	1,900	509	+9	Royal Insurance	1,300	397	-7	Whitbread 'A'	1,400	456	+7
Burton	10,000	34¾	-1½	Laporte	78	550	-2	Saatchi	932	17¾	-¾	Williams Hldgs.	986	330	+1
Cable & Wire.	2,100	584	-6	Legal & General	905	422	-2	Sainsbury	1,000	381	-6	Willis Corroon	1,700	312	-15
Cadburys	1,600	374	-3	Lloyds Abbey	2,400	410	-1	Scottish & New.	1,100	411	-2	Wimpey	129	178	
Calor Group	365	214	-8	Lloyds Bank	2,000	343½	-6½	Scot. Hydro-Elect.	3,400	112	+1	Yorkshire Elect.	1,009	249	+5
Carlton Comms	241	475	-3	LASMO	1,700	348	-12	Scottish Power	8,500	105	+1	Yorkshire Water	346	400	+7
Coats Viyella	2,100	182	-1	London Elect.	1,200	197		Sears	5,200	84	+2				
Comm. Union	349	522		Lonrho	2,700	289	+1	Sedgwick	860	279	-5				
Cookson	971	166	-4	Lucas	2,100	145	-3	Seeboard	517	207	+7				

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures drifted slightly lower yesterday as sellers appeared after the strong rally of the previous session, writes Jim McCallum.

But the FT-SE futures market maintained a strong premium to the spot index as dealers continued to believe that uncompleted buying orders are likely to drive shares higher.

The September FT-SE contract opened lower and apart from a small flurry of buying around mid-morning it remained firmly in negative territory.

September traded around 35-40 points over the spot index, although this seemed too small a discrepancy for arbitrageurs, who were look for opportunities to sell futures and buy shares when the gap between the two markets opened to more than 40 points.

At the close, September was down 6 points on the day and at an unchanged 37-point premium, which compared with fair value of 26.

In the traded options market, the expiry of July stock options contributed to the day's relatively buoyant 35,105 turnover. There was more active dealing in FT-SE index puts, particularly August 2,400.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (84).
BRITISH FUNDS (1) Treas 2pc IL 1994, BREWERS (1) Fosters, BUILDINGS (1) Banner Homes, CHEMICALS (1) Plysu, STORES (6) Amber Day, Dixons, Era, Gebicci, Great Universal Stores, Marks & Spencer, ELECTRICALS (3) Delta, Domino Printing, Electronic Data Proc., ELECTRICITY (2) National Power, PowerGen, ENGINEERING (4) Fairey, Meggitt, TI, Weir, FOODS (8) Brake Bros., Dalgety, Morrison (Wm), Park, Salvesen (Chr), Sutherland, HOTELS (1) Ramsden's (H), INDUSTRIALS (14) BET, Bowater, Do. 7.75pc Prf., Colorgen, Copymore, ECC, Inchcape, Johnson Cleaners, MB Caradon, ML Labs., Relyon, Shanks & McEwan, Williams, Do. 5⅛pc Prf., INSURANCE (2) Refuge, Utd. Friendly B, LEISURE (3) Airtours, LWT 3.9375p Prfd., Pram, MOTORS (2) Kwik-Fit, Pendragon, NEWSPAPERS (2) Blenheim, Metal Bulletin, PAPERS (3) Arjo Wiggins Appleton, Smurfit (J), St. Ives., PROPERTY (1) Slough Ests. 8¼pc Prf., TEXTILES (1) Courtaulds, TRANSPORT (1) NFC, TRUSTS (25) Aberforth Smaller Cos. Wrrnts., Baillie Gifford Shin Nippon, Bankers Inv., British Inv., Comada Energy, Drayton Asia, Dunedin Inc. Growth, Exmoor Dual Inc., Five Arrows Chile Fund., Flmg. Amer. Cnv 1999, For. & Col. Pacific, GT Chile Growth Wrrnts., Investors Capital, Korea Europe Fund, Law Deb., London Amer. Ventures, London Trust Wrrnts., M & G, Mercury Asset Mgmt., Perpetual, Scottish Natl. Zero Div Prf., Secs. Trust of Scotland, TR Pacific, TR Tech. Stppd. Prf., Thornton Asian Emrg. Mkts., OILS (1) Utd. Energy Wrrnts., MINES (3) ACM, Sthn. Pacific, Western Mining.

NEW LOWS (45).
BRITISH FUNDS (1) Cnv. 9pc 2011 A, CANADIANS (1) Imperial Oil, BANKS (5) Cater Allen, Gerrard & Natl., King & Shaxson, London Scottish, Union Discount, BREWERS (1) Macallan-Glenlivet, BUILDINGS (1) Ward, CHEMICALS (1) Astra, STORES (2) Alan Paul, Burton, ELECTRICALS (4) Applied Holographics, Hilciare, Pelon, Scantronic, ENGINEERING (1) Manganese Bronze, HOTELS (1) Savoy A, INDUSTRIALS (7) African Lakes, Barrett (H), Doctus, Gestetner, Hedleigh, Ross, Stainless Metalcraft, LEISURE (1) Thames TV, NEWSPAPERS (1) Sterling Publishing, PROPERTY (2) Hemingway, Marivale Moore, TRUSTS (14) Drayton Cons., Drayton English & Intl. Wrrnts., Ensign, First Pacific, French Property, Gresham House, Independent Inv., Melville Street Wrrnts., Murray Ventures, Natl. Home Loans, Do. 7½pc Prf., Parambe, Riv. & Merc. Amer. Wrrnts., Sumit, OILS (2) Kelt Energy, XCL Sunrise, MINES (1) Pancont'l.

APPOINTMENTS

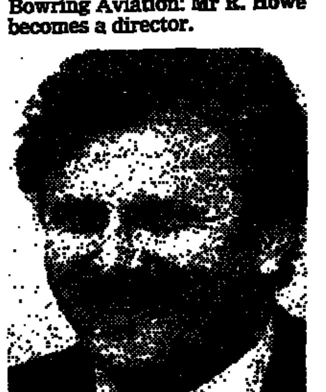
Restructure at County NatWest

■ Following an organisational restructuring, COUNTY NATWEST has appointed Mr Robert Norbury and Mr Creighton Redman as deputy chairmen. The bank has formed three divisions: investment banking; trading and sales (equity securities); and investment management. In addition to their broader corporate responsibilities, Mr Norbury continues to oversee the corporate stockbroking business in the equity division, and Mr Redman continues to run the debt and property sections of the new investment banking division.

■ OLYMPIA & YORK has appointed Ms Aviva Gershuny-Roth as head of marketing services for Canary Wharf. She was director of marketing at Savills.

■ Mr Rob Clarke has been appointed to the board of the MILLER GROUP. He is managing director of the opencast mining division, Miller Mining, Normanton.

■ C.T. BOWRING & CO, a Marsh & McLennan subsidiary, has made the following appointments. At Bowring Financial & Professional Insurance Brokers: Mr K.G. Fenwick, executive director; Mr V.P. Gudenian, Miss A. Stephens, Mr G.E. Kay, Mr R.G.F. Leather, Mr P. Pinagli, Mr P. Sharp and Mr D. White, become directors. At Bowring Marine & Energy: Mr S. Bloom, Mr W.L. Crickmore, Mr J.L. Sage and Mr R.A. Smith become directors. At Bowring Aviation: Mr R. Howe becomes a director.



Mr Philip Marsden (pictured) has been appointed to the board of PREMIER CONSOLIDATED OILFIELDS as executive director in charge of corporate development. He was an executive director at County NatWest, a member of the operating committee, and head of mergers and acquisitions.

■ Mr James S. Sandison has been appointed director of finance and administration of the RSA (Royal Society for the encouragement of Arts, Manufactures and Commerce). He was finance director of Dexion.

■ Caterpillar dealer FINNING, Cannock, has appointed Mr Nick Lloyd as executive director of sales.

■ WILLIS CORROON MANAGEMENT (ISLE OF MAN) has appointed Mr David Campbell as chairman and Mr James C. Boyd as managing director.

■ Mr Antony Hadfield has been re-appointed deputy chairman of NORTHERN IRELAND ELECTRICITY. He is also chief executive.

■ H. SICHEL & SONS (UK) has appointed Mr Nicholas James as managing director to succeed Mr Denis Williams who will retire in September 1992.

■ MICROTOUCH SYSTEMS has appointed Mr Bob Senior as managing director of its European operation. He was UK sales manager for Poqet Computer.

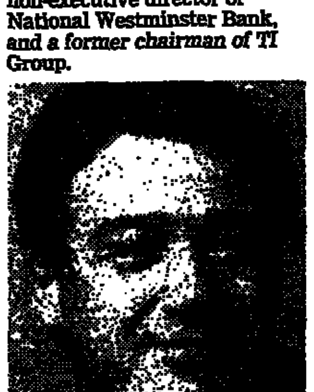
■ Mr Derek Bandy and Mr Andrew Giles have been appointed directors, and Mr Trevor Ash becomes a non-executive director of ROTHSCHILD ASSET MANAGEMENT.

■ Lord Ennals, a former Social Services Secretary, has been appointed a non-executive director of TAKARE.

■ NISA-TODAY'S, Scunthorpe, a grocery buying consortium, has appointed Mr Chris Dale as its first licensed trading director. He was trade sector manager at Watney Mann.

Chairman of Unigate

■ UNIGATE has appointed Sir Brian Kellett as chairman from November, when Mr John Clement will retire. Sir Brian, who has been a non-executive director of Unigate since 1974, is chairman of the Port of London Authority, a non-executive director of National Westminster Bank, and a former chairman of TI Group.



GKN PROPERTY MAINTENANCE has appointed Mr Bob McDonnell (pictured) as managing director. He was operations director, and succeeds Mr Paul Callaway who has been transferred to GKN Chep in France.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100⅛	99⅜	Exch. 11pc 1991	100	–1/16	11.00	[illegible]
99⅛	96¾	Treas. 8pc 1991	99⅛	.....	8.07	[illegible]
101½	100¾	Treas 12¾pc 1992‡‡	101⅛	.....	12.62	[illegible]
99⅞	97⅞	Treas 10pc 1992	99⅞	.....	10.02	[illegible]
98⅞	95⅞	Treas. 8pc 1992‡‡	98⅞	.....	8.13	[illegible]
100⅛	98½	Treas 10½pc Cv 1992‡‡	100⅛	.....	10.49	[illegible]
95⅞	91⅛	Treas. 3pc 1992	95⅞	+⅛	3.14	[illegible]
102⅛	100¼	Exch. 12¼pc '92	102⅛	.....	12.01	[illegible]
104¼	102⅞	Exch 13½pc 1992	103⅛	–⅛	13.07	[illegible]
97⅞	94	Treas 8¼pc 1993	97¼	+⅛	8.48	[illegible]
99⅞	97⅛	Treas 10pc 1993‡‡	99⅝	.....	10.04	[illegible]
104⅞	102¼	Treas 12½pc 1993‡‡	103⅞	.....	12.03	[illegible]
93⅞	89¾	Funding 6pc 1993‡‡	93⅞	+⅛	6.41	[illegible]
108⅛	105¼	Treas 13¾pc 1993‡‡	107	.....	12.85	[illegible]
96⅞	92⅞	Treas. 8¼pc 1994	96⅞	.....	8.83	[illegible]
111¼	108⅛	Treas 14½pc 1994‡‡	109⅛	.....	13.29	[illegible]
109	105⅞	Exch 13½pc 1994	107⅛	.....	12.56	[illegible]
99⅞	96⅞	Treas. 10pc La. 1994‡‡	99⅛	.....	10.06	[illegible]
106⅞	103¾	Exch. 12½pc 1994	105⅞	+⅛	11.82	[illegible]
96⅞	93¼	Treas 9pc 1994‡‡	96½	.....	9.33	[illegible]
106⅛	102⅛	Treas 12pc 1995	104⅞	–⅛	11.44	[illegible]
89	82¼	Exch 3pc Gas 90-95	86½	+⅛	3.48	[illegible]
100⅞	96⅞	Exch. 10¼pc 1995	99⅞	.....	10.26	[illegible]
109⅞	105¾	Treas 12¾pc 1995‡‡	108¼	.....	11.78	[illegible]
113⅞	109⅞	Treas. 14pc '96	112⅛	–⅛	12.50	[illegible]
96⅞	92⅞	Treas. 9pc 1992-96‡‡	96⅞	–⅛	9.33	[illegible]
119⅞	115⅞	Treas 15¼pc 1996‡‡	117¼	–⅛	12.99	[illegible]
112¼	108	Exch 13¼pc 1996‡‡	110¼	–⅛	12.02	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100¼	95⅞	Conversion 10pc 1996	98⅞	.....	10.11	[illegible]
99⅞	97¼	Do. 10pc 1996 B	98⅞	.....	10.11	[illegible]
113⅞	108⅞	Treas 13¼pc 1997‡‡	111⅛	.....	11.91	[illegible]
102⅞	97¼	Exch 10½pc 1997	100⅛	.....	10.42	[illegible]
94⅞	89⅞	Treas 8¾pc 1997‡‡	93¼	–⅛	9.38	[illegible]
122⅞	117	Exch 15pc 1997	119⅞	–⅛	12.54	[illegible]
98⅞	93⅞	Exch. 9¾pc 1998	97⅞	–⅛	10.01	[illegible]
85⅞	80¾	Treas 6¾pc 1995-98‡‡	85⅞	+⅛	7.91	9.76
127⅞	121¼	Treas. 15½pc '98‡‡	124⅞	–⅛	12.42	10.46
109⅞	104¾	Exch. 12pc 1998	106⅛	–⅛	15.73	10.37
97⅞	92⅞	Treas 9½pc 1999‡‡	96⅝	.....	9.83	10.14
111⅞	105⅞	Exch. 12¼pc 1999	109⅞	+⅛	11.18	10.39
102¾	97⅛	Treas. 10½pc 1999	101⅛	+⅛	10.39	10.28
101¼	95⅞	Conversion 10¼pc 1999	99⅞	.....	10.29	10.29
94⅞	89¾	Conversion 9pc 2000‡‡	93⅞	–⅛	9.63	10.14
116⅞	110½	Treas. 13pc 2000	114⅞	.....	11.36	10.47
100⅞	94⅞	Treas 10pc 2001	98⅞	–⅛	10.14	10.23
118⅞	113⅞	Treas. 14pc '98-01	116⅞	+⅛	12.03	10.56
98⅞	92⅞	Treas 9¾pc 2002	96⅞	–⅛	10.07	10.24
100⅞	94⅞	Treas 10pc 2003	98⅞	+⅛	10.16	10.22

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001-04	106⅛	+⅛	10.83	10.45
58⅞	53⅛	Funding 3½pc '99-04	58⅛	–⅛	6.02	9.04
97⅞	90⅞	Conversion 9½pc 2004	95⅞	.....	9.99	10.18
97⅛	90⅞	Conversion 9½pc 2005	95⅛	–⅛	12.61	10.16
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11¼Ln 2010	101⅞	+⅛	10.95	10.91
97⅞	91⅞	Asian Dev Bk 10¼pcLn2009	96⅞	+⅛	10.60	10.66
112⅞	105⅞	Int-Am Dev Bk 12½pc 2003	110⅞	–⅛	11.27	10.81
92⅞	86⅞	Do. 9¼pc Ln 2015	91⅞	–⅛	10.46	10.76
[illegible]						

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	4.00
55	55	Hung. '24 Ass.	55	.....	2.75	3.57
128	120⅞	Hydro Quebec 15pc 2011	126¼	–⅛	12.89	11.59

Continued on next page

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories	30¼	+¼	$1.00	–	2.0
385p	257p	♥Allegheny & W 1c	296p	–3	30c	–	6.0
10⅛	667p	Amdahl 5c	897p	+15	10c	–	0.7
42¼	25¾	Amer. Cyanamid $5	38	–1¼	$1.50	–	2.3
17¾	9⅞	Amer. Express 60c	14⅝	+⅛	92c	–	3.7
24½	15¼	American T. & T. $1	23¼	–⅜	$1.32	–	3.3
38¾	32¼	Ameritech $1	35	–⅛	$3.40	–	5.7
24	12⅞	BankAmerica $1⅝	20⅝	–⅜	$1.20	–	3.5
34⅞	20⅞	Bankers N.Y. $1	32⅜	–1½	$1.52	–	8.7
30½	24¼	Bell Atlantic $1	28½	–½	$2.52	–	5.2
31¼	25	BellSouth Corp	27⅜	–⅜	$2.76	–	5.9
11¼	6⅞	♥Bethlehem Steel $8	10¼	–¼	40c	–	2.3
1839p	1046p	Bowater Inc	1527p	–28	$1.20	–	4.6
9½	4½	Brunswick 75c	8⅝	–¼	44c	–	3.0
54	37⅞	CPC Intnl. 25c	50⅞	–⅛	$2.00	–	2.3
852p	420p	California Engy	822p	.....	–	–	–
50	28¼	Campbell Soup 15c	44⅞	–⅛	$1.16	–	1.5
12½	5⅞	Chase Manhattan $12½	11½	–¼	$1.20	–	6.1
9⅞	5½	Chrysler $6¼	8¼	–¼	60c	–	4.4
10⅝	5⅞	Citicorp $1	8¼	–⅛	$1.00	–	6.8
25	21⅞	Colgate-Palmolive $1	22⅞	–⅜	$1.06	–	2.8
845p	438p	Cont'l Bank Corp $4	764p	–13	$1.00	–	7.7
21½	13⅞	Dana Corp. $1	19⅞	–⅜	$1.60	–	4.8
1106p	203p	Data General	1060p	–38	–	–	–
22	12⅞	Dial Crop $1.5	21½	–¼	$1.40	–	3.9
29⅝	20¼	Dun & Bradstreet $1	26⅝	–⅛	$2.16	–	4.8
40	24¼	Eaton Corpn. 50c	38¾	–¼	$2.20	–	–
8½	5½	Echlin Inc	8½	.....	70c	–	4.9
19⅞	14⅞	FPL Group 1c	18⅞	–⅛	$2.40	–	7.7
30⅞	17⅞	Fluor Corp 62½pc	27⅞	–⅛	32c	–	0.7
23¼	13½	Ford Motor $1	20¼	–⅛	$1.60	–	2.9
46⅜	28⅞	Gen. Elect. 63c	42⅞	–1	$2.04	–	2.8
566p	270p	♥General Host Corp $1	478p	–1	34c	–	4.3
45¼	20¾	Gillette $1	22⅞	–⅛	62c	–	1.6
91p	22½p	♥Gt American Bank $1	26½p	+4	–	–	–
18¼	794p	Hasbro Inc 50c	17	–⅛	24c	–	0.8
38½	21¼	Honeywell $1½	35⅞	–⅛	$1.50	–	2.5
22¾	17¾	Houston Inds. ‖	22	–¼	$2.96	–	7.9
72⅞	55⅞	IBM Corpn $1¼	59¼	–1¼	$4.84	–	4.8
32½	18⅞	Ingersoll-Rand $2	29⅜	–⅜	$1.32	–	2.6
28¾	16⅝	Lockheed Crpn. $1	27½	–⅛	$1.80	–	3.9
2155p	1245p	Lowe's 50c	2106p	+13	56c	–	1.6
17⅞	9½	Manuf. Hanover $1	16⅛	–⅛	♦$3.28	–	11.6
26⅛	10⅛	Merrill Lynch $1	23⅞	–⅛	$1.00	–	2.5
33¾	21⅞	Morgan (JP) $2½	31¼	–⅜	$1.98	–	3.8
41½	25⅞	Morris (Philip)	38⅜	–¼	$1.72	–	2.6
46¼	39	NYNEX $1	43½	–⅛	$4.56	–	6.2
89p	30p	♥Pac. Agricultural	39p	.....	–	–	–
23¼	11⅛	Pall Corp. 25c	21⅞	–⅛	b44c	–	1.2
46¼	33¼	Pennzoil $3 1/3c	43⅞	–1½	$3.00	–	4.1
40½	24⅞	Quaker Oats $5	35	–2¼	$1.56	–	2.6
39¾	24⅞	Rep NY Corpn $5	38⅜	–⅛	$1.40	–	2.1
17¾	12⅛	Rockwell Intl. $1	15⅞	–⅛	86c	–	3.4
25⅞	12⅞	Sears, Roebuck 75c	23½	+¼	$2.00	–	5.1
34¼	25½	Southwestern Bell $1	30⅞	–¼	$2.84	–	5.4
20¼	14⅞	Sun Co. Inc. $1	17⅜	–⅛	$1.80	–	6.0
27¼	21¼	Tenneco $5	23	+⅛	$3.20	–	7.8
40½	29⅞	Texaco $6.25	38½	–1	$3.20	–	5.0
26¼	17¼	Texas Instr $1	19	–⅜	72c	–	2.2
*64½	37¾	Time Warner $1	50½	–⅛	$1.00	–	1.2
16½	8¾	TRINOVA Corp	15¼	+⅛	68c	–	2.6
498p	250p	♥UniLab	498p	.....	–	–	–
29¼	22¾	Utd Technologies	28½	–¼	$1.80	–	3.8
92p	42p	♥UtiHitech Inc	92p	.....	–	–	–
23	18¼	US West ‖	28¼	.....	$2.08	–	5.9
24⅞	16½	Waste Management $1	21½	–⅛	44c	–	1.2
2054p	1053p	Whirlpool $1	1935p	–1	$1.10	–	3.4
20⅞	13½	♥Woolworth $3½	17⅜	–⅛	$1.08	–	3.6

CANADIANS

1991 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
11p	8½p	♥Abbot Energy Corp	10p	.....	–	–	–
1467p	953p	♥Amer. Barrick Res.	1397p	+26	8c	–	0.3
19½	13	Bk. Montreal ‖	18⅛	–⅛	$2.12	–	6.2
957p	536p	Bk. Nova Scot. ‖	985p	–7	$1.00	–	6.0
825p	639p	♥BC Gas $1	804p	+9	60c	–	4.0
23¼	17¼	BCE ‖	22¼	–¼	$2.56	–	6.2
10½	647p	♥Brascan ‖	963p	–26	$1.04	–	5.8
36p	19½p	♥Breakwater Res.	21p	–½	10c	–	25.7
1717p	1180p	Can.Imp Bank ‖	1534p	–44	$1.32	–	4.6
11	855p	Can. Pacific ‖	10¼	–⅛	64c	–	3.4
36	30	Do. 4pc Deb £100	34	.....	Q4%	–	11.8
335p	170p	♥Central Cap 'A' ‖	180p	–16	60c	–	18.0
250p	197p	♥Cons TVX Min.	238p	.....	–	–	–
483p	246p	♥Derlan Inds. ‖	407p	.....	28c	–	3.7
628p	370p	♥Echo Bay Mines	573p	–9	7.5c	–	0.8
191p	122p	♥ECO Corp ‖	123p	–3	–	–	–
83p	55p	Granges Explr. ‖	78p	+3	–	–	–
520p	362p	♥Gulf Canada ‖	488p	–3	40c	–	4.4
14½	10	♥Hawker Sid Can ‖	13½	–⅛	$1.08	–	4.3
2013p	876p	♥Hudson's Bay ‖	1817p	–13	♦80c	–	2.4
29¼	28¼	♥Imperial Oil ‖	28¼	–½	$1.80	–	3.4
23¼	12½	Inco ‖	21¼	–1	$1.00	–	2.6
552p	316p	♥Intl. Corona Corp.	489p	+4	Q20c	–	2.2
4½p	2¼p	♥Muscocho Explo.	4p	.....	–	–	–
17p	4p	♥Nth West Gold ‖	6½p	–3	–	–	–
484p	360p	Nova Corp of Alberta	393p	–6½	52c	–	7.1
1091p	745p	♥Rio Algom	785p	+5	80c	–	5.5
1388p	1022p	Royal Bk. Can. ‖	1310p	–3	$1.16	–	4.8
13½p	7¼p	♥Sonora Gold Corp ‖	12½p	+¼	–	–	–
15p	3p	♥Tara Pwe Tech. Corp ‖	6p	.....	–	–	–
1048p	736p	Toronto-Dom. Bk ‖	925p	–32	84c	–	4.9
979p	719p	♥Trans Can Pipe	892p	.....	72c	–	4.4
162p	87½p	♥Varity Corp ‖	145p	–2	$1.30	–	–

BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£11¼	£9⅜	ABN Amro Fl5	£11⅜	+⅛	Q58%	♦	7.7	♦
185	121	ANZ $A1	172	–2	♦Q38c	1.9	♦	5.2
299	211	Abbey National 10p	297	–2	9.5	3.0	4.3	10.3
183	126	Allied Irish Ord	176	+1	Q8.7%	1.9	5.8	12.4
69	47	Anglo Irish	53	–2	Q18.6%	2.3	7.9	7.0
60	23	Ansbacher (H.) 1p	38	.....	1.5	0.3	6.7	–
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES — Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
535	155	Airtours 10p	533	+26	18.25	2.9	2.1	16.8
*108	71½	Allied Leis. 5p	89	+1	F4.75	3.5	7.1	6.2
240	140	Anglia TV	181xd	+2	9.28	2.4	6.8	8.3
31	14	Avesco 1p	27	–1	1.5	1.1	7.7	(16.1)
[illegible]	4½	BSCE Hldgs 5p	4	.....	–	–	–	–
178	123	Bar & W.A.T. 'A'	158	.....	9.75	1.6	8.4	10.0
685	425	Boosey & Hawkes	655	.....	16.4	2.7	3.3	13.1
43	24	Border T.V.	42	.....	2.1	1.1	6.7	18.8
[illegible]	17	Brent Walker 20p	24	+1	5.0	–	27.8	–
[illegible]	[illegible]	Do. 6pc Cv Cm Rd Pf £1	8	+1	6.0	–	–	–
[illegible]	43	Buckingham Int'l 3p	46½	.....	2.1	1.8	6.0	10.9
349	183	Carlton Int. 20p	348	.....	†11.0	2.9	4.4	9.2
208	134	Capital Radio 2½p	178	–5	5.25	2.9	4.1	11.2
507	350	Carlton Comms 5p	475xd	–3	†14.1	2.4	4.0	13.3
81	61	Do. 6.5p Prf 5p	75	–1	6.5	–	11.6	–
257	168	Castle Comms. 5p	228	.....	8.5	1.7	5.2	14.6
825	480	Central ITV	790	–2	28.5	1.4	4.8	19.5
158	128	Chiltern Radio 10p	147	.....	14.8	2.6	4.4	11.3
89	39	Chrysalis	76	.....	‡2.0	–	‡	–
69	27	Chrysalee 5p	30	+2½	1.0	7.0	4.5	3.9
[illegible]	[illegible]	[illegible]	3½	+½	–	–	–	–
1245	908	Euro Disney Fr10	1220	+10	–	–	–	–
30	5	European Leis. 12½p	11	.....	1.7	2.2	20.4	1.8
44	21½	Ex Lands 10p	32xd	+1	–	–	–	–
47	17	Expedier 20p	17	.....	1.0	2.7	8.1	4.5
563	405	Fairline Boats 10p	470	.....	21.0	4.1	6.0	5.5
276	168	First Leisure	260	+1	†5.05	2.6	2.6	17.8
253	195	GWR Group 20p	242	.....	16.0	3.2	‡	12.6
75	59	Grampian TVA 10p	60	+1	4.1	♦	9.1	♦
[illegible]	5	Greenwich Comm. 1p	5	.....	–	–	–	–
[illegible]	33	HTV Ord	40	.....	3.75	1.2	12.5	9.2
145	55	Hi-Tec Sports	136	.....	5.0	2.9	4.9	9.3
4½	2	Int'l Media Comm. 1p	2	.....	–	–	–	–
66	30	Intl. Resort Hldgs	55	.....	‡3.2	2.5	‡	4.7
78	49	Invicta Sound 10p	77	.....	1.0	4.2	1.7	24.2
47	29½	Kunick 10p	30	.....	2.0	2.2	8.9	7.2
80	53	Do. 8½pc Pf. 5p	73	.....	8.25	–	15.1	–
210	80	[illegible]	186	+3	‡3.94	–	4.9	–
353	193	Marina Devs. 50p	194	–1	5.0	–	3.4	–
179	124	Metro Radio Grp 5p	148	.....	5.0	3.0	4.5	10.0
102	64	Midlands Radio 10p	83	.....	‡4.5	1.0	‡	19.1
6½	4	Millwall Hldgs. 1p	4¼	.....	–	–	–	–
*94½	34	Owners Abroad 3p	87½	+3	‡2.9	4.0	4.4	7.4

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

133	120	♣Young Group 10p.. β	125	.....	5.2	1.7	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1	640	.....
Finlay Pkg. 5p	28	.....
Holt (Jos) 25p	1978	.....

IRISH

Stock	Price	+ or –
Cap. 8¾% Ln. 2010	£92	.....
9pc Cap Ln. 1996	£97½	.....
Fin. 13% 97/02	£113¾	.....
Arnotts	168	+3
Helton Hldgs.	32	.....
IRG	128½	.....
United Drug	172	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	89
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	38
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Garlic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

NW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
NW Joint Investors	0	1048.0	1048.0	1078.1	......	4.39

Maiden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maiden General	0	114.0	114.0xd	117.2	......	4.96

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	134.8	136.2	144.9	-0.1	3.76
Gilt & Fxd Int	5	144.6	144.6	152.0	-0.6	8.33
Intl Growth	5¼	147.2	147.6	157.0	-3.2	0.44
North American	5¼	96.67	96.67xd	102.8	-1.8	0.54
Far East	5¼	119.8	119.9xd	127.6	-1.0	0.45
UK Smaller Cos	5¼	100.9	100.9	107.3	-0.2	3.43
European	5¼	53.58	53.58xd	57.15	+0.05	1.00
Japanese Growth	5¼	36.62	36.62	39.22	+0.17	0.00
Managed P'folio	5¼	50.09	50.42	53.64	-0.01	1.34
High Income	5¼	151.2	152.8	162.6	+0.2	6.03
High Yielding Gilt	5¼	60.66	60.66xd	63.91	......	9.81
Cash		51.33	51.33	51.33	+0.01	9.73

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries 071-826 0123

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	155.0	155.0xd	165.4	-2.7	0.92
European Gwth	5¼	196.3	196.3xd	209.2	+0.9	0.00
Intl Gwth	5¼	146.1	146.1	155.3	-0.9	0.00
UK Equity Inc	5¼	117.8	117.8	126.7	+0.7	6.39
UK Equity Acc	5¼	132.7	132.7	142.7	+0.8	6.39
UK Ind Trackr Inc	5	124.5	124.5	132.8	+0.5	3.74
UK Ind Tracker Acc	5	133.0	133.0	141.9	+0.5	3.74
US Eq Ind Tracker Inc	5	143.3	143.3	153.6	-2.5	2.93
US Eq Ind Tracker Acc	5	147.9	147.9	158.6	-2.5	2.93
Japan Tracker	5	61.73	61.73	65.47	+0.07	0.00
Asian Trader	5¼	88.35	88.35	94.35	+0.45	1.42
Managed Inc	5¼	97.58	97.58xd	107.1	+0.4	1.97
Managed Acc	5¼	101.2	101.2xd	108.8	+0.4	1.97
Cash Inc	0	100.36	100.36xd	100.36	+0.02	11.12
Cash Acc	0	109.49	109.49xd	109.49	+0.02	11.12
Europa	5¼	103.9	103.9	111.1	+0.4	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	115.77	115.77xd	123.27	-0.34	2.60
Exempt Smllr Cos	3¼	219.39	219.39	238.94	-0.11	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H

45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	302.6	302.9	323.0	-3.5	1.32
(Accum Units)	5	354.0	354.6	377.9	-4.1	1.32
British	5	798.3	798.3	844.6	+3.4	5.80
(Accum Units)	5	1228.0	1228.0	1352.2	+5.5	5.80
European	5	320.8	320.8	341.6	+1.0	1.54
(Accum Units)	5	343.8	343.8	366.1	+1.0	1.54
Japan	5	118.3	118.3	125.8	-0.5	-
(Accum Units)	5	129.2	129.2	[illegible]	-0.5	-
New Pacific	5	175.1	175.1	186.3	-0.4	1.94
(Accum Units)	5	179.3	179.3	190.6	-0.4	1.94
PEP July 19	5	135.8	136.1	144.0	+1.6	3.46
Mngd Equity	5	122.7	122.9	130.1	—	3.98
Mngd Equity Acc	5	130.6	130.6	138.2	—	3.98
Mngd Cash	5	93.98	93.98xd	100.0	—	10.97
(Accum Units)	5	113.5	113.5	119.2	—	10.87
Mngd Fund Int. Inc July 19	5	120.9	120.9	127.9	-1.4	6.80
Majority Stlg	1	99.06	99.06	100.05	+0.02	10.55
Majority Stlg Acc	1	104.75	104.75	105.79	+0.02	10.55

Stordivest Unit Inv Mngrs Ltd (1200)F

Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

International July 15	0	52.19	51.19	55.68	.....	3.40

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Alliance House, Horsham 0403 56293

Equity	6	601.8	609.2	651.6	+7.3	3.28
North America	6	77.96	78.67	84.14	-1.28	1.15
Far East	6	94.79	95.92	102.6		0.79
Worldwide Bond	6	46.79	46.79	49.78	-0.15	6.07
European	6	66.49	67.10	71.77	+0.17	1.68
Equity Income	6	70.24	71.10xd	76.13	-0.02	5.03
Portfolio	6	58.24	58.24	62.29	-0.72	2.63

Sun Life of Canada Unit Mgrs Ltd (1000)H

Basingview, Basingstoke, Hants 0800 525725

American Growth	6	25.91	25.91	27.72	-0.33	0.47
Managed Assets	6	102.41	103.00xd	110.25	+0.10	4.07
UK Income	6	32.99	33.12	35.43	+0.07	4.63
UK Growth	6	32.72	33.14	35.45		3.29
Worldwide Growth	6	24.37	24.37	26.07	-0.22	0.49

Sun Life Trust Mngmt Ltd (1200)H

101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 6010

Master Portfolio	5½	35.13	35.13	37.37	.....	3.00

[illegible]

Edinburgh Fund Mngrs PLC

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
American July 24	161.6	166.1	-0.6	1.51
Managed July 24	146.6	152.0	+1.4	3.78
Japan July 23	115.5	118.7xd	-3.4	0.08
Sm Jap Cos July 19	579.7	595.6	-3.3	0.08

Fidelity Investment Services Ltd

Mngd Pens P'folio	131.3	135.5	+0.30	3.56

Robert Fleming Asset Mngmt Ltd

Am Exempt	£475.38	482.41	-6.49	1.61
Gen Exempt	£132.65	135.33	+1.17	3.87
Jap Exempt	£470.79	480.24	+0.81	0.80
Pacific Exempt	£103.32	105.54	+0.49	3.13
Contl Euro Exempt	£96.46	98.35	+0.28	2.37
Indexed Exempt July 18	£127.825	131.60	----	4.77
Amer Indxd Expt July 18	£107.38	108.25	----	3.15
Japan Indxd Expt July 18	£65.05	66.36	----	0.62
Euro Indxd Expt July 18	£94.63	96.54	----	2.85
P'cm Indxd Expt July 18	£99.86	102.06	----	2.48

Funds In Court*

Capital July 17	493.46	497.09	.....	2.47
Gross July 17	177.49	178.92xd	.....	10.90
High Yield July 17	291.89	294.24	.....	7.00

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	53.59	54.69	+0.01	4.12

INVESCO MIM Management Ltd

Exempt Funds

Intl Mngd P'Folio	1288.0	1304.0xd	.....	-
Mngd Pens (Acc)	68.7	73.2	.....	-

Lazard Brothers & Co. Ltd

Property Jan 3	£2360.0	2673.0	.....	6.00
Inc Gth Pro Apr 16	£1325.0	1460.0	.....	7.20

Lazard Investors Ltd ‡‡

Exempt Funds

Small Co's July 25	£3426.6	3597xd	+28.10	4.52
European July 25	£530.4	536	+1.80	2.25
American July 25	£354.9	358.5	-9.40	2.00
Japan July 25	£540.4	548.8	-16.70	1.19

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.5	113.2	+0.1	-
Pension Managed Fd	106.2	111.8	+0.2	-
Life Deposit Fd	108.2	113.9	----	-
Pension Deposit Fd	113.8	119.8	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 393539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	110.8	116.7	+1.1	-
Managed Growth	137.2	144.5	+0.7	-
Managed Opportunity	138.2	145.5	+0.6	-
NFMC Target Financial	103.2	108.7	----	-
Pension Funds				
Managed Cautionary	121.3	127.7	+1	-
Managed Growth	145.4	153.1	+0.7	-
Managed Opportunity	138.5	145.8	+0.6	-
NFMC Target Mngd Pen	1542.9	1624.2	+2.8	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.2	172.9	+0.5	-
UK Equity	174.0	183.2	+2.3	-
Overseas Equity	135.8	143.0	-3.3	-
Fixed Interest	146.9	154.7	+0.3	-
Property	130.9	137.8	+3.2	-
Index Linked	146.9	154.7	+0.4	-
Deposit	158.8	167.2	+0.4	-
With Profits (B)	130.1	137.0	+0.2	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	355.6	374.4	-1.1	-
UK Equity	451.0	474.8	-0.4	-
Overseas Eq	347.7	366.1	-2.9	-
Americas	286.6	301.7	-3.7	-
Far East	378.6	398.6	+0.2	-
Property	192.5	201.6	+0.3	-
Fixed Int	258.9	272.6	-0.4	-
Indexed Gilt	155.0	163.2	-0.1	-
Deposit	183.3	193.0	----	-
Pension Fund (Accum Units)				
Managed	507.1	533.8	-1.2	-
UK Equity	604.1	635.9	-0.5	-
Overseas Eq	577.6	608.0	-3.1	-
Americas	368.3	387.7	-5.9	-
Far East	620.0	652.7	-2.4	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	154.0	162.5	+0.5	-
Accum Equity	221.0	233.0	+0.5	-
Accum Managed	228.5	241.5	----	-
Accum Five Star	171.0	180.5	----	-
Accum World	125.5	132.5	----	-
Accum Lifetime	110.8	110.8	+0.1	-
Pens Acc Equity	239.0	252.0	+0.5	-
Pens Acc Managed	286.0	301.5	-5.0	-
Pens Acc Intl	214.0	226.0	-0.5	-
Pens Acc Deposit	201.5	212.5	+0.5	-
Pens Acc Five Star	187.5	198.0	+0.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	228.5	241.1	+0.4	-
UK Fixed Int Acc	176.6	186.3	-0.5	-
Intl Equities Acc	177.5	187.3	-0.2	-
UK Managed Acc	175.3	184.9	+0.1	-
Property Acc	224.0	236.3	+0.1	-
Money Acc	130.2	137.4	----	-
Special Market Acc	143.1	151.0	-0.1	-
Japan Equity Acc	102.0	107.7	+0.6	-
North American Acc	107.3	113.2	-1.1	-
Pacific Acc	96.7	102.1	-0.2	-
Technology Acc	125.9	132.9	+0.3	-
Nat Resources Acc	62.3	65.8	-0.2	-
European Acc	101.9	107.5	+0.9	-
Residential Prop Acc	96.2	101.5	----	-
Swiss Equities Acc	35.1	37.1	----	-
Hong Kong Acc	69.9	73.8	-0.2	-
UK High Inc Eq Acc	73.4	77.5	+0.1	-
Int. Fixed Interest Acc	57.5	60.7	-0.2	-
Int. Managed Acc	56.8	59.9	-0.1	-
HIP Managed Acc	128.1	134.5	-0.1	-
HIP Managed II Acc	100.7	106.2	-0.1	-
HIP Managed III Acc	107.8	113.7	----	-
Total Investment Bond				
UK Equity Initial		155.4	+0.2	-
UK Fixed Int. Initial		120.3	-0.3	-
Intl Equities Initial		120.1	-0.1	-
UK Managed Initial		119.5	+0.1	-
Property Initial		153.7	----	-
Money Initial		89.2	----	-
Special Market Initial		111.2	----	-
Japan Equity Initial		79.3	+0.5	-
North American Initial		83.4	-0.7	-
Pacific Initial		75.1	-0.2	-
Technology Initial		97.8	+0.2	-
Nat Resources Initial		48.4	-0.2	-
European Initial		91.3	+0.6	-
Residential Prop Init		91.9	----	-
Swiss Equities Initial		33.6	----	-
Hong Kong Initial		66.5	-0.2	-
UK High Inc Eq Init		70.2	+0.1	-

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$268.04		----	-
Fixed Income Shares	$890.74		----	-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan Beta Growth	$10.19		+0.15	-
Yamaichi IRS Fund	$7.56		+0.11	-
Yamaichi CB Plus Fund	$8.02		+0.09	-
Thai Inv Fund	$9.17			-
Yamaichi NTC Equity	$9.35		-0.07	-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin				010 353 1760 630		
GAM General US$ Inc		$-	109.79d		----	-
GAM General US$ Acc		$-	107.47d		----	-
GAM Universal DM Acc		DM-	120.61d		----	-
GAM Universal DM Inc		DM-	117.99d		----	-
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	0.99	1.05	----	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap.	[illegible]	9.53	----	-
[illegible]	[illegible]	[illegible]	----	-
Dynamic Portfolio				
EquityAmerica	$11.19	11.87	----	-
EquityEurope	$8.61	9.14	----	-
BondAmerica	$10.46	11.09	----	-
BondEurope	$8.91	9.46	----	-
BondJapan	$9.90	10.50	----	-
World Inv Trust	$10.33	10.96	----	-
Opportunity Europe	$10.14	10.76	----	-
Eurobond	$9.82	10.42	----	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
John Govett—Contd.						
Far East Equity	5½	$10.85	10.85	10.95	+0.13	1.0
US SmallCap Cos	5½	$12.45	12.45	12.57	-0.20	1.0
European Equity	5½	[illegible]	13.95	14.06	+0.06	2.0
UK High Income	5	£4.73	4.73xd	4.75	...	10.75
UK Equity	5½	£4.91	4.91	4.96	+0.03	3.0

Initial charge may alter for sales in other jurisdictions

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St Helier, Jersey				0534 76029		
Stlg Fixed Int	5½	£2.166	2.166	1.238	...	9.71
Offshore High Yield	3½	£1.418	1.425xd	1.477	[illegible]	12.49
Global Equity Fund	5½	$14.45	14.56xd	15.57	+0.21	0.66
European Equity	5½	[illegible]	18.65	19.95	[illegible]	0.97
UK Growth (CI Fund)	5½	£4.735	4.795	5.128	[illegible]	2.46
Nth American Eqty	5½	$10.04	10.04	10.73	-0.13	0.50
Far Eastern Eqty	5½	$10.50	10.67	11.41	...	0.00
International Mngd	5½	$10.63	10.67xd	11.41	-0.01	0.53
Intnl. Bond Fund						
Sterling Managed	5½	£10.36	10.36xd	11.05	...	9.29
US Dollar Managed	5½	$12.71	12.71xd	13.53	+0.05	6.52
International Currency Fund						
Sterling Managed ◆	5½	£26.62	26.62	28.17	-0.01	-
US Dollar Managed ◆	5½	$29.72	29.72	31.45	+0.04	-
Sterling ◆ ‡	0	£25.37	25.37	25.37	...	10.54
US Dollar ◆ ‡	0	$38.22	38.22	38.22	+0.01	4.48
Deutschmark ◆ ‡	0	[illegible]	60.69	60.69	+0.02	7.45
Japanese Yen ◆ ‡	0	[illegible]	4,886	4,886		5.84
Swiss Franc ◆ ‡	0	[illegible]	47.16	47.16	+0.01	6.51
Irish Punts ◆ ‡	0	[illegible]	22.41	22.41	...	6.44
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey				0534 73114		
Jersey Gilt (z)	5¼	[illegible]	0.1714	0.1806	[illegible]	9.15
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey				0534 27561		
Lloyds Int. Gilt	2½	£9.300	9.314xd	9.558	-0.08	11.09

Dealing daily

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey				0534 606000		
Intl Chronic Portfolio	6	[illegible]	1.0157	1.0771	[illegible]	1.63
Gilt	3	[illegible]	0.9117xd	0.9402	[illegible]	10.64

For MIM see INVESCO MIM

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey				0534 76077		
Govt Secs Fd	4	55.44	56.44	57.91	-0.10	9.67
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey				0534 73494		
TSB Offshore Investment Fund Ltd						

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Wardley Investment Services—Contd.				
Nth America Equity	$- 10.50	11.06	[illegible]	-
Singapore Equity	$- 15.92	16.76	[illegible]	-
South Pacific Eqty	$- 6.80	7.16	+0.01	-
UK Equity	$- 10.85	11.42	+0.24	-
Sterling Bond	£- 4.49	4.73	----	-
US Dollar Bond	$- 9.47	9.97	-0.01	-
Intl Managed Bond	$- 11.61	12.22	+0.04	-
Sterling Reserve	£- 4.99	5.26	----	-
US Dollar Reserve	$- 9.71	10.22	----	-

	Bid Price	Offer Price	+ or -	Yield Gross
Templeton Worldwide Investments				
Growth Portfolio				
Class A-1 $	$9.71		----	-
Class A-2 $	$10.91		----	-
Class A-3 $	$10.27		----	-
Class B-1 $	$9.51		----	-
Class B-2 $	$10.73		----	-
Income Portfolio				
Class A $	$10.18		----	-
Class B $	$10.13		----	-
Top Brand Fund Intl-SICAV (a)				
Top Brand Fd Intl	$13.99	14.70	+0.04	1.36

Inv Ad Warburg Asset Mngt London

Transworld Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
GT Chile Growth Fund Ltd				
NAV July 16	$20.65		----	-
GT European Warrant Fd Mngrs (Lux) SA				
GT Euro Wrnt July 23	$7.20		+0.01	-
GT Management Plc				
GT Applied Science	$10.63			-
GT ASEAN Fd (z)	$45.56		+0.37	0.62
GT Asia Fd (z)	$19.29		+0.05	-
GT Asia Sterling (z)	$17.35		+0.01	0.06
GT Australia Fd (z)	$24.58		-0.19	4.27
GT Aust Small Cos	$11.57		+0.37	-
GT Berry Japan Fd (z)	$37.99		-0.30	0.85
GT Berry Jap Sml Co	$18.37		-0.25	0.40

	Bid Price	Offer Price	+ or -	Yield Gross
Merrill Lynch Guernsey				
India Fd NAV July 18	£2.19xd		----	-
Indian Cap Gwth NAV July 18	$8.60		----	-
Indian Cap DM NAV July 18	$-		----	-
Euro Spain NAV July 17	$8.68		----	-

(For information only)

	Bid Price	Offer Price	+ or -	Yield Gross
Mitsubishi Finance International Ltd				
MultiMoney Plus Plus	$114.56		+0.07	-
Multi Money Plus	$108.24		+0.01	-
Morgan Stanley Japanese Warrant Fund NV				
NAV	$6.7722		----	-
NM Financial Mngt Intl Ltd				
Int. Residential Prop Fd	100.752	0.804	----	0.00
The New Zealand Fund				

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark boosted by rate hopes

THE DOLLAR finished 2 pfennigs lower against the D-Mark in London after surprisingly weak June durable goods data cast doubts on the strength of the US economic recovery.

It fell below DM1.7300 on the news, but rallied a little towards the close after Mr Marlin Fitzwater, a White House spokesman, said the US economic recovery is still on course. "We continue to think we are coming out of recession" he said when asked about the durable goods data, adding that "there are blips up and down and this is one of the down ones."

Orders for durable goods fell 1.6 per cent in June, after two months of solid gains, as demand waned for industrial machinery and electronic components. The decline followed gains of 2.0 per cent in May and 3.6 per cent in April. Economists expected a rise of about 1.0 per cent in June.

At the London close the dollar had fallen to DM1.7360 from DM1.7560; to SFr1.5110 from SFr1.5260; and to FFr5.9025 from FFr5.9625, but had advanced to Y137.30 from Y136.95. On Bank of England figures the dollar's index declined to 66.5 from 66.9.

Interest rate factors favoured the D-Mark, particularly against the dollar and Japanese yen, after recent cost of living data from several German states have indicated a probable sharp rise in the inflation rate for the western part of the country. The year on-year rate for the state of Hesse was 5.2 per cent in the month to mid-July, and the rates for Baden-Wuerttemberg and North Rhine-Westphalia, two of Germany's most heavily populated states, were at their highest levels for nearly 10 years.

Figures for the old area of West Germany are expected in the next few days, amid expectations that the annualised inflation rate will be above 4 per cent, compared with 3.5 per cent in June.

This has led to speculation that the Bundesbank will be forced to increase interest rates in the near future. The next opportunity is likely to occur on August 15, when the central bank council holds its first meeting after the summer recess.

In contrast wholesale interest rates in Tokyo have declined recently, prompting a comment from the Bank of Japan that there has been no easing of monetary policy. In London last night the D-Mark closed at Y79.10, compared with Y76.45 a week ago.

The D-Mark rose to fourth strongest currency in the European exchange rate mechanism, with sterling falling from third strongest to fourth weakest. Dealers said that demand for the German currency was beginning to have an adverse impact on the pound.

Sterling rose 85 points to $1.6930, against the weak dollar, and climbed to Y232.50 from Y230.75, but fell to DM2.9400 from DM2.9575; to FFr9.9925 from FFr10.0450; and to SFr2.5575 from SFr2.5700. The pound's index lost 0.1 to 91.0.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.122	-4.12	5.61	69
Italian Lira	1538.24	1530.66	-0.49	1.76	29
Sterling	0.696904	0.697174	0.04	1.22	6
Belgian Franc	42.4032	42.2889	-0.27	1.53	18
D-Mark	2.05586	2.05398	-0.09	1.35	11
Dutch Guilder	2.31643	2.31532	-0.05	1.31	6
Irish Punt	0.767417	0.767748	0.04	1.21	-2
French Franc	6.89509	6.98084	1.24	0.01	-61
Danish Krone	7.84195	7.94062	1.26	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

July 24	Latest	Previous Close
£ Spot	1.6920-1.6930	1.6790-1.6797
1 month	0.77-0.75pm	0.78-0.76pm
3 months	2.12-2.10pm	2.05-2.02pm
12 months	6.28-6.18pm	6.17-6.07pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 24	Previous
8.30 am	90.9	90.9
9.00 am	91.0	90.8
10.00 am	90.9	91.0
11.00 am	91.0	90.9
Noon	90.9	90.9
1.00 pm	90.9	90.9
2.00 pm	91.0	91.0
3.00 pm	91.0	91.0
4.00 pm	91.0	91.1

CURRENCY MOVEMENTS

Jul 24	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.0	-20.3
U.S Dollar	66.5	-11.7
Canadian Dollar	105.3	+2.2
Austrian Schilling	108.6	+11.1
Belgian Franc	110.3	-2.9
Danish Krone	107.7	+2.2
D-Mark	116.5	+23.0
Swiss Franc	109.3	+18.0
Dutch Guilder	113.0	+14.9
French Franc	101.8	-13.9
Lira	98.4	-20.1
Yen	137.6	+70.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 23

CURRENCY RATES

Jul 24	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.794568	0.697174
U.S Dollar	5.50	1.32971	1.17404
Canadian $	8.89	1.53728	1.35426
Austrian Sch	7	16.5416	14.4583
Belgian Franc	7.50	48.3350	42.2889
Danish Krone	9	9.08790	7.94062
D-Mark	6.50	2.34960	2.05398
Dutch Guilder	7.75	2.64745	2.31532
French Franc	10¼	7.97560	6.98084
Italian Lira	11½	1749.87	1530.66
Japanese Yen	5.50	182.902	161.454
Norway Krone	8	9.15239	8.01459
Spanish Peseta	-	146.488	128.122
Swedish Krona	10.00	8.50217	7.43755
Swiss Franc	6.00	2.03778	1.78395
Greek Drach	19	N/A	225.404
Irish Punt	-	N/A	0.767748

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jul 23

OTHER CURRENCIES

Jul 24	£	$
Argentina	16899.0 - 16926.0	9970.00 - 9980.00
Australia	2.1830 - 2.1850	1.2870 - 1.2880
Brazil	570.360 - 571.220	336.500 - 336.800
Finland	7.0870 - 7.1085	4.1850 - 4.1880
Greece	319.650 - 326.100	189.550 - 193.350
Hong Kong	13.1400 - 13.1565	7.7530 - 7.7540
Iran	112.00*	70.00*
Korea(Sth)	1217.20 - 1236.85	726.60 - 732.40
Kuwait	0.49455 - 0.49470	0.29170 - 0.29180
Luxembourg	60.50 - 60.60	35.70 - 35.80
Malaysia	4.7095 - 4.7170	2.7810 - 2.7830
Mexico	5110.40 - 5115.15	3015.00 - 3016.00
N.Zealand	2.9865 - 2.9900	1.7610 - 1.7630
Saudi Ar	6.3000 - 6.3765	3.7500 - 3.7510
Singapore	2.9540 - 2.9630	1.7450 - 1.7470
S.Af (Cm)	4.8345 - 4.8460	2.8555 - 2.8575
S.Af (Fn)	5.3670 - 5.4535	3.1645 - 3.2155
Taiwan	45.60 - 45.70	26.90 - 26.95
U.A.E.	6.1680 - 6.2450	3.6715 - 3.6735

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6825 - 1.6965	1.6925 - 1.6935	0.76-0.74cpm	5.32	2.12-2.09pm	4.97
Canada	1.9375 - 1.9575	1.9525 - 1.9535	0.40-0.35cpm	2.30	0.72-0.62pm	1.37
Netherlands	3.3100 - 3.3225	3.3100 - 3.3200	⅝-½cpm	2.04	1⅝-1½pm	1.81
Belgium	60.40 - 60.75	60.50 - 60.60	15-11cpm	2.58	34-28pm	2.05
Denmark	11.3375 - 11.3950	11.3675 - 11.3775	2-1orepm	1.58	4⅞-3¾pm	1.52
Ireland	1.0940 - 1.1065	1.1030 - 1.1040	0.10-0.05cpm	0.82	0.30-0.20pm	0.91
Germany	2.9375 - 2.9525	2.9375 - 2.9425	¾-½pfpm	2.55	1½-1¼pm	1.87
Portugal	251.30 - 253.25	251.50 - 252.50	119-360cdis	-11.4	265-417dis	-5.41
Spain	183.15 - 184.10	183.30 - 183.60	20-25cdis	-1.47	69-83dis	-1.66
Italy	2187.25 - 2198.75	2189.50 - 2190.50	par-1liredis	-0.27	1-3dis	-0.37
Norway	11.4250 - 11.5000	11.4700 - 11.4800	⅞-⅜orepm	0.85	2⅞-2pm	0.85
France	9.9850 - 10.0250	9.9875 - 9.9975	1⅞-1½cpm	2.03	4¾-4pm	1.65
Sweden	10.6225 - 10.6800	10.6400 - 10.6500	1¼-1orepm	1.27	1⅞-1pm	0.54
Japan	230.50 - 233.00	232.00 - 233.00	¾-⅝ypm	3.55	2⅛-2pm	3.55
Austria	20.67 - 20.74	20.69 - 20.72	4½-3½gropm	2.32	10⅞-8pm	1.82
Switzerland	2.5525 - 2.5625	2.5525 - 2.5625	⅝-½cpm	2.64	1⅞-1¼pm	2.05
Ecu	1.4280 - 1.4360	1.4310 - 1.4320	0.19-0.12cpm	1.30	0.41-0.34pm	1.05

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.70-3.65cpm. 12 Month 6.28-6.18cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6825 - 1.6965	1.6925 - 1.6935	0.76-0.74cpm	5.32	2.12-2.09pm	4.97
Ireland†	1.5265 - 1.5420	1.5370 - 1.5380	0.49-0.44cpm	3.63	1.50-1.40pm	3.77
Canada	1.1510 - 1.1555	1.1520 - 1.1530	0.27-0.30cdis	-2.97	0.84-0.89dis	-3.00
Netherlands	1.9500 - 1.9750	1.9570 - 1.9580	0.51-0.54cdis	-3.22	1.57-1.62dis	-3.26
Belgium	35.65 - 36.05	35.70 - 35.80	8.00-10.00cdis	-3.02	24.50-30.50dis	-3.08
Denmark	6.7050 - 6.7675	6.7150 - 6.7200	1.75-2.05oredis	-3.39	5.65-6.25dis	-3.54
Germany	1.7300 - 1.7525	1.7355 - 1.7365	0.44-0.46pfdis	-3.11	1.41-1.43dis	-3.27
Portugal	148.60 - 149.10	148.90 - 149.00	130-160cdis	-11.68	350-400dis	-10.07
Spain	108.10 - 109.20	108.35 - 108.45	63-67cdis	-7.20	184-194dis	-6.97
Italy	1289.00 - 1304.50	1293.25 - 1293.75	5.60-6.10liredis	-5.43	17.20-18.20dis	-5.47
Norway	6.7650 - 6.8250	6.7750 - 6.7800	2.30-2.60oredis	-4.34	7.00-7.50dis	-4.28
France	5.8800 - 5.9500	5.9000 - 5.9050	1.71-1.77cdis	-3.54	5.11-5.21dis	-3.50
Sweden	6.2625 - 6.3400	6.2850 - 6.2900	2.22-2.47oredis	-4.48	7.10-7.55dis	-4.66
Japan	136.50 - 137.75	137.25 - 137.35	0.13-0.15ydis	-1.22	0.40-0.42dis	-1.19
Austria	12.2000 - 12.33000	12.2300 - 12.2350	2.95-3.35grodis	-3.09	9.40-10.60dis	-3.27
Switzerland	1.5050 - 1.5200	1.5105 - 1.5115	0.26-0.29cdis	-2.18	0.72-0.77dis	-1.97
Ecu	1.1735 - 1.1855	1.1810 - 1.1820	0.41-0.38cpm	4.01	1.18-1.15pm	3.94

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 24	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛ - 11	11⅛ - 11	11⅛ - 11	11⅛ - 11	11 - 10⅞	10⅞ - 10¾
US Dollar	5¾ - 5⅝	6 - 5⅞	5 15/16 - 5 13/16	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 11/16 - 6 9/16
Can. Dollar	8⅞ - 8⅝	8⅞ - 8⅝	8 13/16 - 8 9/16	9 - 8¾	9 - 8¾	9 1/16 - 8 13/16
Dutch Guilder	8⅝ - 8½	8 11/16 - 8 9/16	9 - 8⅞	9⅛ - 9	9 3/16 - 9 1/16	9 5/16 - 9 3/16
Swiss Franc	7¾ - 7⅝	7¾ - 7⅝	7 13/16 - 7 11/16	7 13/16 - 7 11/16	7 13/16 - 7 11/16	7¾ - 7⅝
D-Mark	8⅞ - 8¾	8 15/16 - 8 13/16	9 - 8⅞	9 1/16 - 8 15/16	9¼ - 9⅛	9 5/16 - 9 3/16
French Franc	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅞ - 9¾
Italian Lira	12 - 10	11½ - 10½	11¼ - 11	11¼ - 11	11 13/16 - 11 9/16	12¼ - 11¾
Belgian Franc	8⅞ - 8¾	8 15/16 - 8 13/16	8 15/16 - 8 13/16	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜
Yen	7½ - 7⅜	7¾ - 7⅝	7¾ - 7⅝	7¾ - 7⅝	7¾ - 7⅝	7⅛ - 7
Danish Krone	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½
Asian $Sing	6 - 5⅞	6 - 5⅞	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛	6⅜ - 6¼

Long term Eurodollars: two years 7½-7⅜ per cent; three years 8-7⅞ per cent; four years 8¼-8⅛ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 24	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.693	2.940	232.5	9.992	2.557	3.315	2190	1.953	60.55	1.431
$	0.591	1	1.737	137.3	5.902	1.510	1.958	1294	1.154	35.76	0.845
DM	0.340	0.576	1	79.08	3.399	0.870	1.128	744.9	0.664	20.60	0.487
YEN	4.301	7.282	12.65	1000.	42.98	11.00	14.26	9419	8.400	260.4	6.155
F Fr.	1.001	1.694	2.942	232.7	10.	2.559	3.318	2192	1.955	60.60	1.432
S Fr.	0.391	0.662	1.150	90.93	3.908	1	1.296	856.5	0.764	23.68	0.560
H Fl.	0.302	0.511	0.887	70.14	3.014	0.771	1	660.6	0.589	18.27	0.432
Lira	0.457	0.773	1.342	106.2	4.563	1.168	1.514	1000.	0.892	27.65	0.653
C$	0.512	0.867	1.505	119.0	5.116	1.309	1.697	1121	1	31.00	0.733
B Fr.	1.652	2.796	4.855	384.0	16.50	4.223	5.475	3617	3.225	100.	2.363
ECU	0.699	1.183	2.055	162.5	6.983	1.787	2.317	1530	1.365	42.31	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Sep	1129.5	1129.0	1128.0	1138.0
Dec				

Estimated volume 0 (0)
Previous day's open int. 0 (211)

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6930	1.6855	1.6720	1.6563	1.6307

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6818	1.6860	1.6700	1.6694
Dec	1.6650	1.6680	1.6550	1.6518
Mar	1.6490	1.6550	1.6488	1.6384

BASE LENDING RATES

	%		%		%
ABN Bank	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Adam & Company	11	Coutts & Co	11	Midland Bank	11
Allied Trust Bank	11	Cyprus Popular Bk	11	Mount Banking	11
AIB Bank	11	Dunbar Bank PLC	11	NatWestminster	11
● Henry Ansbacher	11	Duncan Lawrie	11	Northern Bank Ltd	11
B & C Merchant Bank	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Bank of Baroda	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of Ireland	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of India	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Bank of Scotland	11	Girobank	11	TSB	11
Banque Belge Ltd	11	● Guinness Mahon	11	Unibank plc	11
Barclays Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Beneficial Bank	11.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
Brit Bk of Mid East	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
● Brown Shipley	11	● Hill Samuel	11	Westpac Bank Corp.	11
CL Bank Nederland	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
Citibank NA	11	Hongkong & Shanghai	11	Yorkshire Bank	11
City Merchants Bank	11	● Leopold Joseph & Sons	11	● Members of British Merchant Banking & Securities Houses Association.	
Clydesdale Bank	11	Lloyds Bank	11		
Comm. Bk. of London Plc	11	Meghraj Bank Ltd	11		

MONEY MARKETS

German call steady

FRANKFURT CALL money was unchanged at 8.85 per cent despite the Bundesbank's injection of DM2.9bn into the banking system at this week's securities repurchase agreement tender. It will be needed to pay for an issue of four-year 8.875 per cent Treasury notes on Friday and was not seen as a sign that the central bank is relaxing its monetary grip.

Rising cost of living in important states was expected to herald a German year-on-year inflation figure above 4 per cent for July.

At the tender the Bundesbank accepted bids of DM14.4bn for 28-day money, mostly at 8.80 per cent, compared with an expiring facility of DM11.5bn.

In London interest rates had a firm tone, but overnight money fell below 11 per cent during the morning after the Bank of England took out most of yesterday's very large money market credit shortage with early assistance.

Three-month sterling interbank rose to 11 5/32-11 1/32 from 11 1/16-11 per cent, while 12-month money climbed to 10⅞-10¾ from 10 13/16-10 11/16 per cent.

On Liffe September short sterling futures opened lower at 89.30 and closed at the day's low of 89.28 against 89.32 previously. There is technical support at 89.25.

Day-to-day credit was in very short supply on the cash market. The Bank of England initially forecast a shortage of £1,750m, but revised this to £1,700m at noon and to £1,800m in the afternoon. Assistance of £1,694m was provided.

An early round of help was offered and at that time the authorities bought £1,074m bills, including £135m outright by way of £130m Treasury bills in band 1 at 10⅞ per cent and £5m bank bills in band 1 at 10⅞ per cent. Another £939m bills were purchased for resale to the market in equal amounts on August 8,9 and 12 at a rate of 10 15/16 per cent. In further operations before lunch £550m bank bills were bought outright, in band 1 at 10⅞ per cent. The Bank of England did not operate in the bill market during the afternoon, but provided late assistance of £70m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,576m, with the unwinding of bill repurchase agreements absorbing £227m, a rise in the note circulation £80m and bank balances below target £60m. These outweighed exchequer transactions adding £205m to liquidity.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. July 24) 3 months US dollars		6 months US Dollars	
bid 6	offer 6⅛	bid 6¼	offer 6⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	8½	One month	5.69	Three year	7.29
Broker loan rate	7¼	Two month	5.74	Four year	7.45
Fed funds	5 13/16	Three month	5.73	Five year	7.89
Fed funds at intervention	-	Six month	5.94	Seven year	8.14
		One year	6.23	10-year	8.27
		Two year	6.91	30-year	8.45

July 24	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.80-8.95	8.85-9.00	8.95-9.10	9.10-9.25	9.00
Paris	9⅝-9⅞	9¼-9⅜	9¼-9⅜	9 5/16-9 7/16	9⅜-9½	9.25
Zurich	7½-7⅝	7⅝-7⅞	-	7¾-8	-	-
Amsterdam	8.37-8.50	8.90-9.00	-	9.12-9.20	-	-
Tokyo	7⅜-7½	7⅝-7¾	-	7 11/16-7 13/16	-	-
Milan	10¾-11	11⅜-11⅝	-	11½-11⅞	-	-
Brussels	8¼-8⅞	8⅝-8⅞	-	9⅛-9⅜	-	-
Dublin	9-9¼	9 13/16-9 15/16	9 13/16-9 15/16	9 15/16-10 1/16	10-10⅛	-

LONDON MONEY RATES

Jul 24	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	11 1/16	11⅛	[illegible]	[illegible]	[illegible]
Interbank Bid	9½	10⅞	11	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	11 1/16	[illegible]	[illegible]	[illegible]
Local Authority Deps.	10⅞	11	11⅛	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	[illegible]	[illegible]	-
Discount Mkt Deps	10¼	11	10⅞	[illegible]	[illegible]	-
Company Deposits	-	-	11⅛	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	11⅛	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	10 13/16	[illegible]	[illegible]	-
Bank Bills (Buy)	-	-	10⅞	[illegible]	[illegible]	-
Fine Trade Bills (Buy)	-	-	-	[illegible]	[illegible]	-
Dollar CDs	-	-	5.95	[illegible]	[illegible]	6.65
SDR Linked Dep. Offer	-	-	7 13/16	[illegible]	[illegible]	8
SDR Linked Dep Bid	-	-	7 11/16	[illegible]	[illegible]	7⅞
ECU Linked Dep. Offer	-	-	9¾	[illegible]	[illegible]	10
ECU Linked Dep. Bid	-	-	9⅝	[illegible]	[illegible]	9⅞

Treasury Bills (sell); one-month 10 13/16 per cent; three months 10 11/16 per cent; Bank Bills (sell); one-month 10 13/16 per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount 10.4912 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

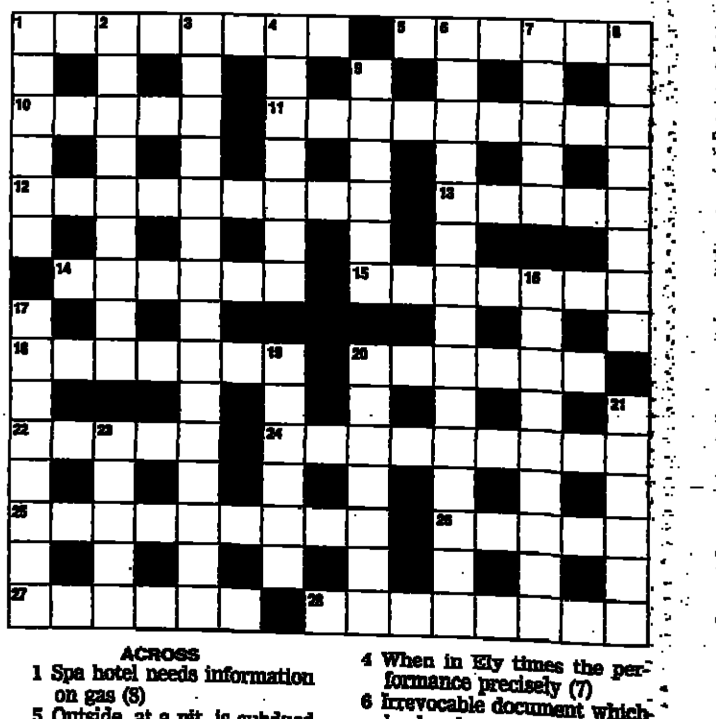
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,603 Set by GRIFFIN



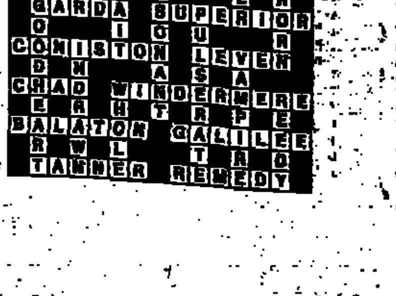
ACROSS

1 Spa hotel needs information on gas (8)
5 Outside, at a pit, is subdued (6)
10 Celebrations of note, unfortunately (5)
11 Write number while going round mountain range (9)
12 Mr Goliath Turner, mathematical exponent (9)
13 Model I possibly pine for (5)
14 Firm giving place to youth leader (6)
15 Magazines containing established rooms for hire (7)
18 Row during pointless golf club ceremony (7)
20 Mum also runs schools (6)
22 Pick up tip around mid-afternoon (5)
24 Exactly like dialect in broadcasts (9)
25 Exterior water pipes acceptable in sheds? (9)
26 Repugnant untruth in article (5)
27 One of the little people upsets priest (6)
28 Since travelling is carrying brown case (8)

DOWN

1, 2 What people very much enjoying watching trapeze artists are? (6,9)
3 An often high-level military viewpoint? (11,4)
4 When in Ely times the performance precisely (7)
6 Irrevocable document which bookmaker signed? (7,8)
7 Strained to see numbers on bottom of vase (5)
8 Reveal front door is shut (8)
9 In the beginning Griffin appeared (6)
16 Musical potpourri chosen in Jerusalem (9)
17 Believes there's flounder on board (8)
19 Young swimmer upset girl's sweetheart (6)
20 Boy taking test in crumpled hat (7)
21 Using cutting end, pierce boil and look (6)
23 Moving street song going around (5)

Solution to Puzzle No.7,602



WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

CANADA

TORONTO

3:00 pm prices July 24

MONTREAL

3:00 pm prices July 24

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

TOKYO - Most Active Stocks

Wednesday 24 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Mat.	10.4	650	+28	NKK	4.0	382	+6
Nippon Steel	9.9	415	+8	Mitsubishi Heavy	3.6	719	+19
S'tomo Cemnt	5.6	648	+33	Nippon Carbon	3.2	669	+36
Hitachi	4.7	1,140	+10	Tokio Marine&F	3.1	1,240	+60
Kawasaki Steel	4.1	402	+4	Nihon Nohyaku	2.4	1,750	-50

3:15 pm prices July 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	17	431	u16¼	15½	16	+⅛
18¼	14½	A L Labs A	0.16	0.01	19	3	17½	17½	17½	+¼
55¾	40⅞	AMP Inc	1.44	0.03	20	1304	54¼	52½	52½	−1⅞
68⅝	44¼	AMR			11	2509	60¼	60	60	−⅜
2⅝	1¼	ARX			1	z100	1½	1½	1⅝	
56	41½	ASA	3.50	0.07	14	672	51	50	50⅛	−1¼
54	38¼	Abbott Lab	1.00	0.02	21	2022	51⅛	50⅝	51⅛	+⅛
14½	9⅞	Abitibi Pr	0.50	0.04	25	20	13⅞	13¾	13¾	
11⅝	10⅜	ACM Gvt In	1.26	0.12		582	11	10⅞	10⅞	
9¾	8⅝	ACM GvOpp	1.01	0.11		65	9¼	9⅛	9⅛	+⅛
9¼	8¼	ACM Gvt Sp	1.01	0.11		215	9	8⅞	9	−⅛
11	9⅞	ACM Gvt Se	1.26	0.12		665	10½	10⅜	10½	
8⅜	7⅝	ACM Man	1.01	0.12		155	8⅛	8	8⅛	
12⅞	11½	ACM Managd	1.35	0.11		130	12¼	12⅛	12¼	
7½	4¾	Acme Cleve	0.40	0.06	17	11	6⅝	6½	6½	+⅛
6	3½	Acme Elect			38	z100	3⅞	3⅞	3⅞	
40	22¼	Acuson			24	960	33⅞	32⅝	33⅛	+⅝
18½	14¼	Adams Expr	0.48	0.03	0	79	18¼	18	18⅛	+⅛
20⅝	17⅝	Adobe12Pf x	2.40	0.13		19	17⅞	17¾	17⅞	
9¼	6¾	Adobe Res			21	38	7⅜	7⅜	7⅜	−⅛
38⅛	16	Ad Micro				117	33½	33	33⅜	+⅜
14¼	4⅝	Ad Micro P	3.00	0.28	17	6395	10¾	10⅜	10⅝	+¼
5⅛	2¼	Advest Grp	0.16	0.04	6	49	4¼	4⅛	4⅛	
49⅛	33⅞	Aetna Lf x	2.76	0.07	7	3618	38⅛	37⅛	37⅛	−2
10⅝	6⅝	Affil A	0.24	0.03	46	279	8⅝	8¼	8⅜	−⅛
20¼	12	Ahmanson	0.88	0.05	9	2075	16⅞	16⅜	16¾	+⅛
12¾	2⅞	Aileen Inc			14	151	11⅛	10¾	10⅞	
74⅛	51⅛	Air Pr Chm	1.44	0.02	14	2693	62⅝	61½	61⅛	−⅞
28⅛	16⅝	Airbne Frt	0.30	0.01	17	1052	u28⅛	27⅞	27⅞	−⅛
18⅞	12½	Airgas Inc			72	13	15⅛	15	15⅛	
15¼	10	Airlease	2.06	0.17	6	4	12¼	12¼	12¼	
94	88¼	AlaPw8.16				z100	92½	92½	90	−2½
25	21⅞	AlaPw PfA	2.00	0.08		50	u25	24⅞	25	+⅛
104½	100	AlaPw8.44				z100	102	102	101	−1
108	102⅞	Alab Pw 11				2	104	104	104	
102½	96	Alab Pw 9P				4	99½	98	99½	+1½
98	88	Alab 8.28C				z100	92	92	91¾	
10¼	9⅞	AlaPwDpPf				7	10⅛	10	10	−⅛
25⅜	17½	Alaska Air	0.20	0.01	144	128	23⅛	22¾	23⅛	+½
20	10	Albany Int	0.35	0.02	79	28	18½	18¼	18⅜	−⅜
34⅛	20½	AlCulvr B	0.22	0.01	16	202	22⅞	22⅜	22⅜	−¼
24⅞	16¾	AlCulvr A	0.20	0.01	14	219	19⅝	19¼	19½	+¼
51⅛	32⅝	Albertsons	0.56	0.01	21	5566	39⅛	38	38⅞	+1
23¾	18½	Alcan Alum	1.12	0.05	17	1394	21	20⅞	20⅞	−⅛
35⅞	29	Alco Stand	0.88	0.03	15	533	33⅛	32¾	32¾	
29⅛	20¼	Alexr Alex	1.00	0.04	16	63	22¼	22⅛	22¼	+¼
37½	19¾	Alexanders			82	10	31⅞	31½	31½	−½
29⅛	21⅞	Allegh Lud	0.88	0.03	13	343	28⅜	28¼	28¼	−⅛
39⅞	35	Allegh Pow	3.16	0.08	10	262	39	38¾	38¾	
20½	16⅝	Allen Gp				17	20	19½	19⅞	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¼	24⅝	Briggs & S	1.60	0.04	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	36⅝	Brinkerlnt			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64¾	61⅛	Bristol M	2.40	0.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33⅜	24½	Brit Airwy	2.10	0.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49⅞	39	Brit Gas	2.50	0.05	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77½	63⅞	BP ADR	4.56	0.06	7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32⅞	26⅝	BP Prudhoe	3.36	0.11	9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¼	3½	BP Wts93			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27⅜	19⅞	Brit Steel x	2.14	0.10	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	51¼	Brit Tel	3.24	0.05	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12⅞	4⅝	Broad Inc	0.20	0.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30¼	27½	BrklnPfd			[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29⅝	27	Brooklyn U	1.90	0.07	13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
84½	76	BrwnFormnB	2.24	0.03	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	21⅜	Brown Grp	1.60	0.06	16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12⅝	7⅞	Brown&Shrp			2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30¼	20⅝	Browning F	0.68	0.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4⅛	2¼	BRT			0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16⅞	8⅝	Brunswick	0.44	0.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20	14¼	Brush Well	0.72	0.04	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27½	23⅝	Buckeye Pt	2.60	0.10	9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15⅞	13	Bunker Hll	1.87	0.12	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13¼	10¼	Burger K I	1.86	0.14	12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15⅛	8⅜	Burl Coat			13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35¼	26¼	Burl North	1.20	0.04	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41⅝	32⅞	Burln Resc	0.70	0.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	11¼	Burnham Pc	1.36	0.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2⅞	¼	Businessin			0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 24

NASDAQ NATIONAL MARKET

3:15 pm prices July 24

FINANCIAL TIMES
Thursday July 25 1991

AMERICA

Dow torn between fall in orders and higher bonds

Wall Street

SHARE PRICES were little changed yesterday morning as the market struggled over how to respond to bad news on the *economy but good news on* long-term interest rates, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 5.81 at 2,977.42. The more broadly-based Standard & Poor's 500 was equally becalmed, rising just 0.45 to 379.87 by 1 pm, the Nasdaq composite of over-the-counter stocks eased 0.51 to 489.14, and turnover on the New York Stock Exchange was 97m shares.

The bad news came in the *form of a totally* unforeseen 1.6 per cent decline in June durable goods orders. The market had been expecting a rise in orders during the month. Moreover, May's estimate of a big, 3.4 per cent increase in orders was recalculated as two per cent. Although the figures raised doubts over the strength of the current economic recovery, they also gave a boost to bond prices, which in turn forced down long-term interest rates. It was this two-way pull on investor sentiment that left the market stranded yesterday.

Among individual stocks, McDonnell Douglas dropped *$1⅛ to $51¼ on reports that a* serious cash flow problem had forced the defence manufacturer to ask the Pentagon for a $1bn advance payment on contracts.

Another big decline was posted by Avon Products, which tumbled $3¼ to $44⅝ in active trading after the company reported second quarter profits which were above year-ago earnings but below market estimates. An even worse performer was Pansophic Systems, down $2¼, or 20 per cent, at $8⅞ in response to a warning from the software producer that it would report a loss on lower revenue for the first fiscal quarter ending July 31.

Bankers Trust gained $1⅞ at $57⅞ after Mr George Salem, analyst at Prudential Securities, raised his earnings estimate for the New York banking group and upgraded his comment on the stock from a "hold" to a "buy". Other bank stocks were mostly firmer, with Chase Manhattan up $⅛ at $19⅝, Citicorp $¼ higher at $15, Chemical up $¼ at $25⅛, and Manufacturers Hanover, Chemical's partner in the upcoming merger, $⅛ higher at $28⅛.

Exxon rose $⅜ to $58⅞ on turnover of ⅓m shares after *reporting a small rise in* second quarter earnings to 90 cents a share. Minnesota Mining and Manufacturing, which warned of weak second-half *earnings on Tuesday*, fell another $1⅞ to $87⅞.

RJR Nabisco fell $¼ to $11⅛ after the food and tobacco group announced profits of $79m *in the second quarter*. Its biggest rival, Philip Morris, responded positively to the news, rising $⅞ to $66⅛.

Canada

TORONTO stocks tumbled in slow midday trade on concerns about second quarter earnings. The composite index lost 8.6 to 3,526.8. Declines led advances by 248 to 160 in volume of 11.2m shares.

Among the most active stocks were Canadian Pacific which fell C$⅜ to C$19⅝, Royal Trustco off C$⅛ at C$9¼ and Varity Corp which was hardly changed at C$2.85. Laidlaw B shares were steady at C$13⅜.

In mines and oils, Lac Minerals was unchanged at C$10¼ while American Barrick was down C$¼ at C$26⅞. Placer Dome traded at C$15⅛, down C$⅜.

ASIA PACIFIC

Nikkei rises 2.3 per cent on falling interest rates

Tokyo

JAPANESE equities advanced on arbitrage-related buying, encouraged by firmer futures prices and falling short-term interest rates, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed at the day's high of 23,297.47, up 538.49 or 2.3 per cent, after a day's low of 22,779.02 at the opening. Volume rose to 260m shares, but most investors remained inactive ahead of today's discussions at the House of Representatives finance committee concerning the recent stock scandals.

Advances outnumbered declines by 785 to 173, with 147 issues unchanged. The Topix index of all first section stocks added *28.59 at 1,815.21*, although in London the ISE/Nikkei 50 index gained just 0.11 at 1,389.69.

The overnight unsecured call rate *has fallen for two days in* a row on liquidity injections by the Bank of Japan, and closed yesterday at 7.375 per cent, down from 7.4 per cent on Tuesday. The three-month CD rate declined from 7.5 per cent to 7.43 per cent. Money market operators said that the central bank's easing of short-term interest rates was aimed at supporting the faltering stock and bond markets.

The yield on the 129 10-year benchmark bond closed at 6.705 per cent, down from Tuesday's close of 6.72 per cent. Stock market participants said hopes of an imminent discount rate cut generated excitement among bargain hunters and *arbitrageurs.*

Interest rate-sensitive stocks firmed. Large-capital issues such as Nippon Steel rose Y6 to Y415, while insurance companies were also strong with Tokio Marine & Fire up Y60 to Y1,240.

High-technology shares rose on buying by foreign investors. Hitachi put on Y10 to Y1,140 and *NEC gained Y20 to Y1,460.*

Mitsubishi Materials, the most active issue of the day, gained Y28 to Y630. It rose on expectations that *selling* pressure on the stock will ease as investors who had bought on margin during the February rally would have squared their positions by the *six-month* margin trading deadline.

Power suppliers gained ground on prospects of strong demand for electricity due to the hot weather. Tokyo Electrical Power rose Y110 to Y3,610 and Tohoku Electrical Power Y120 to Y2,990.

Sapporo Breweries moved ahead Y30 to Y1,210 on reports that the company's operating profits are expected to rise 49 per cent in the current year. Other brewers were also stronger, with Kirin Brewery up Y40 to Y1,490.

In Osaka, the OSE average gained 336.68 to 25,877.37 on volume of 21.7m shares. Nintendo, the games company, *rebounded Y500 to Y13,300 on* bargain hunting.

Nissho, the medical equipment maker, appreciated Y90 to Y2,000. Traders said the price was being supported ahead of the company's SFr100m warrant bond issue at the end of the month.

Roundup

TOKYO'S gain made little impression on the Pacific Rim markets yesterday.

HONG KONG closed well off *its highs in a session shortened* to just one hour by Typhoon Brendan. The Hang Seng Index rose nearly 40 points at the start on news of a US Senate vote that appeared to herald an unconditional renewal of China's Most Favoured Nation trade status.

The index receded to finish 18.95 ahead on balance at 4,028.77, still registering its third record closing high in four days. Turnover fell to HK$1.19bn from HK$1.68bn.

AUSTRALIA was supported *by strength in the futures market* and hopes of an interest rate cut. The All Ordinaries index ended at 1,572.6, up 2.0, *in turnover of A$419m, against* A$213m. Volume was dominated by Goodman Fielder Wattie, whose wholly-owned subsidiary Barcora sold 9.2 per cent of Goodman Fielder's shares for around A$168m.

Pacific Dunlop shed 4 cents to A$5.14 on concern about an impending rights issue to fund its proposed takeover of Petersville Sleigh.

NEW ZEALAND closed off its early lows, the NZSE-40 Index finishing 14.15 down at 1,446.97 after 1,441. Turnover decreased to NZ$31.2m from NZ$43.9m.

TAIWAN made its largest one-day gain in nearly six weeks. The weighted index fell *to a low of 4,781 in volatile* trading before surging a net 182.93 or 3.8 per cent to close at 5,005.91. Turnover expanded to T$23.54bn from T$19.99bn.

***MANILA** was concerned by a* lack of liquidity. The composite index shed 6.74 to 1,003.60. **JAKARTA** rose 2.5 to 327.8 in active trading after finance minister Mr Johannes Sumarlin urged banks to lower interest rates. **BANGKOK** was encouraged by positive government statements on the economy and the SET index gained 13.57 to 720.43.

KUALA LUMPUR was subjected to profit-taking. The composite index slipped 0.64 to 601.28 in turnover of M$107m, *after M$118m.* ***SINGAPORE*** closed mixed. The Straits Times Industrial index edged up 2.28 to 1,501.33 but declines outscored advances by 158 to 60. *Volume shrank to* S$105.98m from S$189.21m.

BOMBAY advanced 2.85 per cent after the government announced a radical new industrial policy which abolished licensing approval for most projects and raised the equity limit for foreigners in joint ventures to 51 per cent from 40 per cent. The BSE *index rose 40.35 to 1,459.66.*

Brussels equity initiative slowly worn away

Aggressive government bond marketing has hit Belgian shares, writes Andrew Hill

IN *THE FIRST quarter of* this year the new Bel20 weighted index of Belgian stocks signalled a revival of interest in the Brussels equity market, *as it rose more than 20* per cent from its base of 1,000 on January 1.

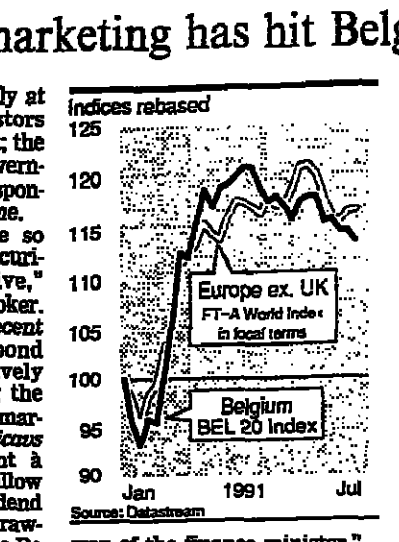
The rise, however, has not been sustained. In the second quarter, *the Bel20 fell 2.9* per cent, against a 1¼ per cent rise in Europe ex the UK, on the FT-Actuaries World indices; for the first half, Belgium was run*ning a fraction behind the* Europe ex UK average.

This process of depressing erosion has continued in July. At the end of Tuesday's trading – the first after the long weekend for the Belgian national holiday – the Bel20 had scored its sixth decline in succession for a fall of 2.3 per cent on the month. Yesterday it extended the sequence, slipping 1.81 to 1,134.11.

What happened to the optimism of the first quarter? The bourse then appeared to be riding a wave of government-in*spired reforms aimed* partly at drawing domestic investors back into the stock market; the irony now is that the government itself is partially respon*sible for the drop in volume.*

"Real interest rates are so high that fixed-income securities are more attractive," points out one Belgian broker. *More to the point*, the recent clutch of government bond issues has been aggressively marketed, overshadowing the attractions of new stock mar*ket vehicles such as the Sicavs* (sociétés d'investissement à capital variable), which allow investors to roll up dividend income, free of tax. Withdrawals have continued from the De Clercq funds, the outmoded Belgian equity funds, despite their elevation to *Sicav* status.

An analyst commented: "There has been a certain amount of crowding out by private issues of government bonds directed at private individuals: the banks [which help market bond issues] have not really wanted to stand in the way of the finance minister."



News late yesterday that the Finance Ministry planned to scrap corporate tax benefits, using a tiny cut in the base rate of corporate tax to 38 per *cent from 39 per cent as a* sweetener, could be another dampener for the stock market, even though the move was not entirely unexpected.

Equities are also suffering from the general anxiety about the direction of interest rates in Germany. "Overall, whatever the incentives [to invest in Belgium], uncertainty about where interest rates are going to pull you is going to hold back the market," says one broker.

Market liquidity, a perennial problem for Brussels, improved in the second quarter following the exercise of warrants in Groupe Bruxelles Lambert, the holding company, and Petrofina, the oil group, which increased the latter's share capital by BFr9.19bn in May through warrant conversions. Dillon Read, the London broker, estimates that the second quarter saw BFr20bn of new equity injected into the market, but that is unlikely to be repeated during the rest of the year.

As Mr Sebastian Scotney of Dillon Read puts it: "There is no problem about the supply/demand balance – it is a question of whether profits are coming."

Such considerations may deter investors *from exploring* further the prospects of the cyclical stocks which make up a large proportion of the Brussels market. At the beginning of the year, they bought cyclicals in the hope of a recovery in earnings, which has yet to materialise.

Some Belgian analysts believe that it could be 1993 before results from the cyclicals meet inflated market expectations. For the time being they prefer the more reliable earnings of supermarket chains such as GIB, Delhaize and Colruyt.

In any case, most investors will now wait until the September company reporting season for a full diagnosis of the health of corporate Belgium, and cautious Brussels brokers think it may be October before the market starts to shift again. By then, the dead calm of the Brussels bourse may already have been broken by the political squalls ahead of the Belgian general election.

Bids aid Sweden's recovery

By Robert Taylor in Stockholm

SWEDEN enjoyed a 30 per cent rise in share prices during the first six months of the year and a 20 per cent improvement in equity turnover, according to a stock exchange report.

This was the best performance of any European bourse so far in 1991 and it represents a strong revival after last year's downturn, one of the worst in Stockholm's history. The stock exchange said its renewed strength was due mainly to two major business deals – the acquisition by the Swiss liquid *packaging group* Tetra Pak of Alfa-Laval, the dairy and food processing equipment company, and the Wallenberg family's decision to acquire all the shares in the auto group Saab-Scania.

The upturn also reflects growing foreign interest in Swedish shares, especially since the decision to link the Swedish krona to the European Currency Unit on May 17. During the first five months of the year foreign investors acquired SKr3.8bn worth of Swedish shares, compared with only SKr1.2bn for the whole of 1990. Foreign clients increased their share of bourse turnover to 13 per cent in the April-May period, *compared with 10 per* cent in the first quarter.

The number of listed companies has fallen from 73 to 56 due to mergers and acquisitions. There has also been a greater concentration of turnover in a smaller number of companies. During 1990 the 10 most traded companies accounted for 66 per cent of business, rising to 80 per cent in the first half of 1991.

Swedes have become more cautious about acquiring foreign shares. Net purchases fell to SKr4bn in the first five months from SKr14bn in the same period of 1990, while turnover in this area declined to SKr44.7bn from SKr49.2bn.

SOUTH AFRICA

WEAKER bullion prices and political uncertainty pushed Johannesburg lower in nervous trading. The all-gold index dropped 30 to 1,318 and the industrial index lost 21 to 3,960. The all-share index fell 42 to 3,411.

EUROPE

Inflation fears weigh on D-Mark bloc

INFLATION considerations led to a bout of nerves in the D-Mark bloc yesterday, *writes Our Markets Staff.*

FRANKFURT calculated that inflation rates of 4.5 and 4.3 per cent in Baden-Württemberg and North Rhine-Westphalia were about 0.2 of a point ahead of expectations. This looked marginal but so did another rise of four basis points, to 8.88 per cent, in the Bundesbank's average bond rate.

The consequent strengthening of interest rate speculation left the DAX index 11.25 lower yesterday at 1,621.69, after a *fall of 2.99 to 677.59* in the FAZ at midsession. Volume rose from DM3.5bn to DM3.6bn.

BMW's return to favour continued with a DM8.50 gain to DM505.50, while Daimler and Volkswagen fell DM7.50 to DM743.50, and DM4.50 to DM365 respectively. However, losers were more prominent with Kaufhof down DM121.50 to DM460.50 in retailing, RWE and Veba by DM6 to DM374.50 and DM4 to DM341.50 in utilities, and general weakness in the engineering sector.

ZURICH waited nervously for today's inflation data from the city of Basle, viewed as a sign of price trends in the country at large. In the interim the Crédit Suisse index dropped 3.5 to 543.3 in light trading.

AMSTERDAM was depressed by the weak dollar and an easier domestic bond market. The CBS tendency index closed 0.6 lower at 94.2.

MILAN was lifted by expectations that more banks would revalue their assets but volume stayed thin, estimated at near Tuesday's L69bn. The *Comit index rose 4.91* to 574.03. Banca Commerciale jumped L145 or 3.2 per cent to L4,670 after announcing late on Tuesday that it was revaluing the *book value of its assets* by L3.4trn.

In telecommunications Stet put on 2.7 per cent or L56 to L2,095 while Sip added L32 or 2 per cent to L1,155. A better-*than-expected* reception to its initial placement of savings shares has prompted Iri, Stet's parent, to place an additional 17.5m shares, raising the total to L344.5bn from L313.25bn.

PARIS rose on the first day of the August account. The CAC 40 index closed at 1,778.07, up 9.14, but off the day's high of 1,785.80. Volume was estimated *at FFr1.7bn after* Tuesday's FFr3.08bn, inflated by end-account transactions.

The day's biggest loser was Institut Merieux which fell 9.8 *per cent or FFr420 to FFr3,850* with 3,240 shares traded on news that its Imuthiol anti-Aids drug had shown poor results in tests and was being withdrawn. Investment certificates in its parent Rhône-Poulenc eased FFr2.80 to FFr358.70 though analysts said Merieux only accounted for a small portion of its profits.

The building sector was active, with *Lafarge* adding FFr7.90 to FFr352.80 and Saint-Gobain up FFr7.10 to FFr460.60, though there were no reasons for the rises. Analysts noted that *Lafarge was near its* year's low.

MADRID slipped on profit-taking, turnover dropping from some Pta13bn to Pta8.5bn as *the general index closed* 1.94 lower at 268.64. However, Banco Popular closed Pta130 higher at Pta12,120 on takeover prospects.

ISTANBUL fell 1.8 per cent, again on interest rate fears. The 75-share market index ended at 3,081.75, down 56.21, the lowest close since January 10.

FT-SE Eurotrack 100 - Jul 24

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1117.37	1117.20	1116.69	1115.45	1115.36	1114.28	1113.17	1113.02

Day's High 1117.48 Day's Low 1111.63

Jul 23	Jul 22	Jul 19	Jul 18	Jul 17
1118.62	1113.67	1111.23	1106.24	1104.80

Base value 1000 (26/10/90)

BUSINESS LAW

New VAT regime beckons

By Dominic Taylor

A year ago, while the politicians were still posturing over economic unity for Europe, the bureaucrats in Brussels were busy building more of the foundations for a common European fiscal administration.

This came as no surprise to those familiar with the growing predominance of European law and practice in indirect taxation and particularly in value added tax law.

The process by which the Community extends its influ*ence has by evolution or* design come to resemble very closely British 19th century colonial policy, under which member states find that their administrative territory is gradually annexed by Brussels, apparently for their own good.

What the European Commission proposed was, on the face of it, eminently sensible. If we were to have a Europe without tax frontiers and a unified value added tax and excise duty system, we should also have closer co-operation between the administrations of each country. This would produce a unified approach to the indirect taxes, easier administration of cross-border transactions, and less scope for fraud and evasion.

The legislation considered necessary for this purpose has now passed through the substantial processes of the European legislature and awaits final Council approval to be effective from new year 1992. But will it achieve the desired result and, more importantly, is this particular piece of legislation wholly necessary or desirable at the present stage of European development?

The proposal is for a regulation laying down the conditions under which member states will afford each other information and assistance, particularly in controlling VAT. The regulation is generally mandatory in tone (that is, it allows little discretion to member states), although it does limit demands on one state by another to what can legally be supplied under the laws of the responding member state.

Apart from that limitation, however, the regulation is framed with a strongly permissive bias allowing extensive scope for action in any particular category. Those categories include: general provisions for administrative co-operation; assistance on request; automatic exchange of information; and spontaneous assistance.

This is not merely a framework within which tax authorities can seek assistance to pursue tax defaulters across borders. The proposed regulation states that "member states shall, together with the Commission, constantly monitor the co-operation procedure and shall pool their experience with a view to improving such co-operation and, where appropriate, drawing up a body of rules".

That body of rules is to cover not only matters such as the method of verifying transactions but also the amendments to Community law needed to end perceived abuses. There can be no doubt that the intention is to form the basis for a European VAT control system with a central policy.

It is true that the Advisory Committee to the European Parliament, ECOSOC, was highly critical of the form of the proposal, but this turned out to be merely a small mercy *for which we shall* need to be grateful.

The Commission was apparently not minded to respond significantly to such objections other than by making cosmetic changes to the regulations and by establishing an advisory committee to record its opinions and those of member states on the development of procedures.

The question is: Are we prepared for the way in which this ambitious project of the Commission may work in practice?

The proposed regulation works on a number of different levels, from the practical method for exchange of information to the formation of general policy on tax administration. Threaded through those provisions is a general requirement on member states to provide mutual assistance without prior request, in the form of information on particular taxpayers and transactions, where the competent authority concludes that "taxes have been or be evaded or avoided for any reason whatever".

For instance, Article 13 requires information to be forwarded to another member state where there are "grounds for supposing that there may be a loss of indirect tax in the other member state" or there are "grounds for supposing that a saving of indirect tax resulting from artificial transfers of supplies of goods or services through one or more countries accrues to an unentitled person".

It is surprising to find a regulation having direct and unequivocal effect in member states, which requires specific action from the national authority merely on the basis of that authority's subjective view of events.

In the Europe of 1992 there will be many complex but perfectly legitimate transactions undertaken by businesses organising international joint ventures, whose novel nature may well be misunderstood or misapprehended by fiscal authorities.

The lack of any demand for objectivity in *determining* what is or is not legitimate business activity rather than tax avoidance, is likely to cause as many problems for Community trade as do the present tax frontiers. It means also that businesses have no law to which they can directly refer if they feel that they have been unjustly selected for investigation.

It is curiously enlightening to consider that, while we are constructing the single market in western Europe, the former *communist bloc is desperately* trying to dismantle the restrictive structures built up over decades of central direction.

The Commission's regulation on *administrative co-operation* panders to some of the worst instincts of different national tax authorities in order to bind them together. It can only be concluded that it *is ignorance* borne of a lack of communication which has provided the fertile ground on which such instincts flourish.

The UK has an *admirable* record in keeping its Civil Service separate from commerce and free of undue influence and corruption and this practice *was extended overseas* to provide a comparatively benign colonial administration when it was an imperial power.

However, that tradition has also *served to alienate* civil servants from the rest of the population and seems particularly evident in relations between the business community and Customs *and Excise.*

The damage done by the consequent lack of understanding is extensive. Faced with the inquiries of a suspicious VAT control officer, many taxpayers could be forgiven for thinking that there was a widespread belief in the department that *"all business is fraud".*

This isolationist attitude should not be carried into the complex business environment of the Community, but there is at present every sign that *it* will be and that it will find support in the views of other administrations.

Business deals are unlikely to become less complex as they cross borders and that growth in complexity is bound to create in the minds of tax authorities greater "grounds for supposing" the existence of tax avoidance, particularly where trading groups are being formed.

For those acquainted with the problems of clearing complex property or financial transactions with Customs and Excise in the UK, the possibility of having to deal separately (or simultaneously) with another *European authority,* whose suspicions have unjustifiably been aroused by received reports, is a daunting prospect.

Such potentially restrictive administrative practices cannot provide the proper environment for free trade between member states. There are already sufficient problems in creating a value added tax system which can be applied equally through all the laws and practices of the different member states.

However great may be the desire of the European Commission to ensure unified control of a unified tax, this is not the time to set up procedures which may perpetuate present outdated practices and attitudes.

Rather we should be aiming for the most flexible administration until new patterns of trading emerge and suitable forms of control can be ascertained.

In the meantime we should be seeking to integrate tax administration with the business community by a far greater interchange of information and personnel between the two than is presently the case.

This suggestion may cause initial nervousness on both sides of the fence, and results will take time to appear. Nonetheless, if the law and the administration of tax are not to become further divorced from reality and more impractical, it is the only viable course of action.

The author is senior tax manager at City solicitors, Ashurst Morris Crisp.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 23 1991								MONDAY JULY 22 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	147.37	−0.4	129.71	127.58	134.55	126.59	+0.0	5.07	148.00	130.54	128.55	135.31	126.54	148.00	112.74	147.89
Austria (20)	176.74	−1.3	155.56	153.01	161.36	161.73	−1.0	1.71	179.06	157.92	155.52	163.71	163.39	222.37	167.00	279.13
Belgium (49)	128.08	−0.6	112.73	110.87	116.93	114.34	−0.3	5.16	128.89	113.67	111.93	117.83	114.74	151.20	121.73	157.41
Canada (115)	139.23	−0.2	122.54	120.52	127.10	116.65	−0.2	3.33	139.54	123.07	121.19	127.57	116.86	142.27	126.49	139.32
Denmark (37)	252.48	−0.3	222.22	218.57	230.50	233.08	−0.3	1.51	253.15	223.27	219.87	231.44	233.87	270.56	217.74	272.63
Finland (16)	95.01	+0.3	83.62	82.25	86.74	84.68	+0.7	2.85	94.76	83.58	82.31	86.63	84.09	125.15	90.00	136.06
France (112)	129.32	+0.2	113.82	111.94	118.05	120.95	+0.0	3.69	129.11	113.87	112.13	118.03	120.91	152.26	120.60	161.77
Germany (65)	107.49	+1.0	94.61	93.07	98.13	98.13	+0.9	2.28	106.38	93.82	92.40	97.25	97.25	125.35	102.03	141.97
Hong Kong (55)	167.86	+0.8	147.74	145.31	153.25	167.04	+0.7	4.15	166.50	146.85	144.61	152.23	165.82	167.86	119.62	145.00
Ireland (16)	152.29	+1.3	134.04	131.84	139.03	140.94	+1.3	3.56	150.38	132.63	130.61	137.48	139.17	182.46	132.88	189.88
Italy (77)	73.93	+0.1	65.07	64.00	67.49	72.22	+0.0	3.24	73.85	65.13	64.14	67.51	72.22	88.23	69.89	106.32
Japan (474)	127.44	+0.5	112.17	110.32	116.36	110.32	+0.2	0.78	126.84	111.87	110.16	115.97	110.16	146.97	118.35	147.79
Malaysia (68)	228.18	+0.8	200.83	197.52	208.31	244.92	+1.0	2.73	226.29	199.58	196.53	206.87	242.54	247.78	192.88	249.83
Mexico (16)	1142.67	−0.9	1005.70	989.19	1043.19	3767.38	−0.9	1.44	1152.58	1016.54	1001.04	1053.73	3800.03	1152.58	534.45	547.77
Netherland (31)	138.77	+0.7	122.13	120.13	126.69	125.34	+0.6	4.28	137.75	121.49	119.64	125.94	124.55	145.73	125.70	146.56
New Zealand (14)	47.17	−0.5	41.51	40.83	43.06	44.36	+0.0	6.86	47.39	41.80	41.16	43.33	44.38	54.64	41.18	68.45
Norway (32)	196.98	+0.0	173.37	170.52	179.83	182.94	+0.0	1.60	196.95	173.71	171.06	180.07	182.92	223.24	182.24	254.01
Singapore (38)	198.64	+1.6	174.83	171.96	181.34	160.15	+1.5	2.14	195.56	172.47	169.85	178.78	157.80	208.25	151.63	205.72
South Africa (61)	246.83	−3.2	217.24	213.67	225.33	173.19	−2.3	3.16	255.01	224.91	221.48	233.13	177.23	258.85	173.00	185.14
Spain (54)	147.75	+0.9	130.04	127.91	134.88	122.56	+0.8	4.41	146.46	129.17	127.21	133.90	121.55	171.12	131.51	181.40
Sweden (27)	193.87	−0.2	170.63	167.83	177.00	182.46	−0.2	2.44	194.19	171.27	168.66	177.54	182.76	204.12	146.80	228.22
Switzerland (58)	93.25	+0.0	82.07	80.73	85.14	88.22	+0.3	2.18	93.23	82.22	80.97	85.24	87.94	100.67	82.17	106.20
United Kingdom (241)	173.90	+1.4	153.06	150.53	158.75	153.06	+1.2	4.80	171.48	151.24	148.92	156.76	151.24	187.44	158.27	173.96
USA (526)	153.65	−0.9	135.23	133.01	140.28	153.65	−0.9	3.14	155.00	136.71	134.63	141.72	155.00	158.24	125.95	143.54
Europe (837)	136.95	+0.8	120.53	118.55	125.03	123.27	+0.7	3.88	135.81	119.78	117.95	124.16	122.38	151.52	125.50	156.00
Nordic (112)	187.20	−0.2	164.76	162.06	170.91	167.73	−0.2	1.95	187.53	165.39	162.88	171.45	168.06	200.81	155.55	217.58
Pacific Basin (716)	129.15	+0.5	113.67	111.81	117.91	112.36	+0.2	1.12	128.56	113.38	111.66	117.53	112.15	145.92	117.86	147.57
Euro-Pacific (1555)	132.57	+0.6	116.68	114.76	121.02	117.46	+0.4	2.25	131.76	116.21	114.43	120.45	116.98	147.68	121.29	161.40
North America (641)	152.67	−0.8	134.37	132.18	139.40	151.16	−0.8	3.15	153.96	135.79	133.74	140.78	152.43	157.04	125.91	143.19
Europe Ex. UK (596)	115.01	+0.4	101.22	99.58	105.02	106.11	+0.4	3.18	114.54	101.02	99.50	104.74	105.72	129.80	106.85	143.66
Pacific Ex. Japan (244)	146.11	+0.3	128.60	126.51	133.41	130.65	+0.5	4.29	145.65	128.46	126.52	133.18	130.19	146.11	111.40	144.14
World Ex. US (1747)	134.60	+0.5	118.47	116.53	122.89	118.93	+0.3	2.30	133.94	118.13	116.34	122.46	118.55	148.16	122.32	151.56
World Ex. UK (2032)	136.79	−0.2	120.39	118.42	124.89	127.46	−0.3	2.36	137.04	120.86	119.03	125.30	127.82	145.77	120.06	145.03
World Ex. So. Af. (2212)	139.31	+0.0	122.61	120.61	127.19	129.49	−0.1	2.60	139.27	122.83	120.97	127.34	129.62	148.66	122.92	147.36
World Ex. Japan (1799)	148.01	−0.2	130.27	128.14	135.15	140.61	−0.2	3.46	148.37	130.86	128.88	135.67	140.96	152.83	126.69	148.96
The World Index (2273)	140.02	+0.0	123.24	121.22	127.84	129.87	−0.1	2.61	140.04	123.51	121.63	128.04	130.04	149.01	123.28	147.59

Constituent change 24/7/91: Name change: Greenall Whitley to Greenalls Group (U.K.). Latest prices were unavailable for this edition.